

RANDFONTEIN

LOCAL MUNICIPALITY



**2016-17 BUDGET AND MEDIUM
TERM REVENUE AND
EXPENDITURE FRAMEWORK**

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
EXCO	Executive Committee
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MBBR	Local Government: Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MAYCO	Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
VAT	Value Added Tax

PART 1 – ANNUAL BUDGET

1.1	Mayor's report	5
1.2	Council Budget Recommendations	6
1.3	Executive summary	8
1.4	Capital expenditure	30
1.5	Annual Budget Tables	33

PART 2 – SUPPORTING DOCUMENTATION

2.1	Budget Process Overview	47
2.2	IDP and Service Delivery and Budget Implementation Plan	55
2.3	Financial Modelling and Key Planning Drivers	56
2.4	Community Consultation	56
2.5	Overview of alignment of annual budget with IDP.....	57
2.6	Measurable performance objectives and indicators	63
2.7	Budget related policies	64
2.8	Overview of the budget assumptions.....	65
2.9	Legislation compliance status.....	66
2.10	Municipal Manager's quality certificate	67

LIST OF TABLES

<u>Table 1</u>	consolidated overview of the 2016/2017 MTREF
<u>Table 2</u>	capital budget overview of the 2016/2017 MTREF
<u>Table 3</u>	summary of revenue classified by main revenue source
<u>Table 4</u>	operating transfers and grant receipts
<u>Table 5</u>	proposed rates to be levied for the 2016/2017 FY
<u>Table 6</u>	proposed water tariffs
<u>Table 7</u>	proposed electricity tariffs
<u>Table 8</u>	proposed sanitation tariff charges
<u>Table 9</u>	proposed solid waste removal tariff
<u>Table 10</u>	summary of operating expenditure by standard classification item
<u>Table 11</u>	operational repairs and maintenance as per asset classification
<u>Table 12</u>	CAPEX by Vote
<u>Table 13</u>	Capital expenditure by standard classification
<u>Table 14</u>	Capital Budget per Infrastructure type
<u>Table 15</u>	MBRR table A1- budget summary
<u>Table 16</u>	MBRR table A2- budgeted financial performance (revenue and expenditure by Standard classification)
<u>Table 17</u>	MBRR table A3-budgeted financial performance (revenue and expenditure by municipal vote)
<u>Table 18</u>	MBRR table A4-budgeted financial performance (revenue and expenditure)
<u>Table 19</u>	MBRR table A5-budgeted capital expenditure by vote, standard classification and funding source
<u>Table 20</u>	MBRR table A6-budgeted financial position
<u>Table 21</u>	MBRR table A7-budgeted cash flow statement
<u>Table 22</u>	MBRR table A8- cash backed reserves/accumulated surplus reconciliation
<u>Table 23</u>	MBRR table A9- asset management
<u>Table 24</u>	MBRR table A10- basic service delivery measurement
<u>Table 25</u>	Schedule of key deadlines for the IDP/ Budget process
<u>Table 26</u>	Reconciliation of IDP strategic objectives and budget (Revenue)
<u>Table 27</u>	Reconciliation of IDP strategic objectives and budget (Operating Expenditure)
<u>Table 28</u>	Reconciliation of IDP strategic objectives and budget (Capital Expenditure)

PART 1 – ANNUAL BUDGET

1.1 Mayor's report

The budget is being compiled against a weakening global outlook and a projected slow growth especially for the developing economies. The gross domestic product of South Africa for 2016 has been projected to grow by 2% in 2016 and rising to 3% by 2017 (*MFMA Circular 79*). The slowdown in economic growth since 2012 has led to structural constraints in the domestic economy. This has an adverse effect on consumer's ability to service their accounts due to increased unemployment rate.

The prevailing economic outlook has been taken into account, together with the application of sound financial management principles in the compilation of the Randfontein financial plan. This is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. Randfontein Local Municipality will continue implementing the revenue enhancement project to optimise the collection of mounting debt owed by consumers, and reduce expenditure in non-core activities of the municipality. A debt collection company (Revco) was appointed to assist in data cleansing, indigent verification and collection of outstanding debt from the financially stable consumers.

Budget allocation in terms of the operations and capital budget:

The municipality's total operating and capital budget has now gone above the R1 billion mark. Operating expenditure has been projected at R1, 037 billion with R106 million being capital expenditure. This is supported with a revenue base of R1, 008 billion, leaving a budget deficit of R0,28 billion. The unfunded budget is due mainly to revaluation based depreciation of R109 million which is a non-cash transaction. However in order for the municipality to adequately provide for the replacement of these ageing assets, this depreciation must be cash backed to create reserves for asset replacement.

Capital expenditure is funded 24% internally and 76% externally. In a bid to enhance the service delivery, R90,2 million has been allocated towards new capital projects, R16,3 million to asset maintenance.

Key priorities for the municipality towards the 2016/17 as per the IDP, SDBIP and its linkage with the Province and National.

RLM exists within the Gauteng province which is the economic and industrial hub of South Africa and the SADC region. In this regards the Municipality has aligned its budget and operations towards achievement of some of the Provincial Ten Pillars of radical Transformation, Modernisation and Re-industrialisation. The following pillars will be implemented:

Radical economic transformation

RLM will conduct workshops with existing and potential SMMEs and empower them to access the entrepreneurial opportunities offered by the municipality through its Supply Chain Management (SCM) processes. These include:

- ✓ Inviting a larger pool of SMMEs to register on the municipal database of service providers. Invitations will be made through, for example, placement of adverts at local township shops and halls over and above advertising in the local media;
- ✓ Training SMMEs on completion of the bid documents. The local South African Revenue Service (SARS) office will be invited at these workshops to empower them on SARS requirements; and
- ✓ Settle the accounts of the SMMEs within the prescribed thirty (30) days period.

Transformation of the state and governance

To support this pillar, the municipality will endeavour to utilise and manage its financial and physical resources in an economic, efficient, effective and transparent manner. This means getting “value for money” for each rand and cents used both internally and externally.

1.2 Council Budget Recommendations

The Council of Randfontein Local Municipality met on **31 March 2016** in the Council Chambers where the Executive Mayor tabled the draft 2016/17 Budget and Medium Term Revenue and Expenditure Framework (MTREF) for consideration or adoption by Council in terms of section 24(1) of the Municipal Finance Management Act (56 of 2003).

- 1.2.1 That cognisance be taken of the report of the Executive Mayor regarding the 2016/2017 budget.
- 1.2.2 That Council of Randfontein Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) approves and adopts;
- 1.2.3 The annual budget of the municipality for the financial year 2016/17 as set out in the tables below be approved
- 1.2.4 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12. The operating budget is summarised as follows;

DESCRIPTION	BUDGET 2016/2017
Operational Revenue	1 000 462 709.44
Operational Expenditure	(1 035 544 125.68)
Deficit	(35 081 416.24)

That cognizance be taken that the deficit is as a result of an increase in provision for depreciation amounting to R107 million which is not fully factored in the tariffs;

- 1.2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 16.;
- 1.2.6 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 17; and
- 1.2.7 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18. The capital budget is summarised as follows:

FUNDING SOURCE	2016/2017 CAPITAL BUDGET
Human Settlement Dept Grant	32,714,000.00
INEP Funding	7,500,000.00
Internal Funding	30,400,000.00
MIG Funding	46,057,350.00
SRAC Funding	4,400,000.00
TOTAL CAPEX	121,071,350.00

1.2.8 That the Council of Randfontein Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act 2000 (No.32 of 2000) approve and adopt with effect from 1 July 2016 the following tariffs and rates:

- 1.2.8.1 Refuse removal tariff - **Annexure “2”**;
- 1.2.8.2 Sewerage tariffs - **Annexure “3”**;
- 1.2.8.3 Water tariffs - **Annexure “4”** ;
- 1.2.8.4 Electricity tariffs - **Annexure “5”**;
- 1.2.8.5 Property rates tariffs - **Annexure “6”**;
- 1.2.8.7 Sundry tariffs - **Annexure “7”**;

1.2.9 That the Council of Randfontein Local Municipality approves the following 2016/17 revised budget related policies and tariffs:

- 1.2.9.1 Summary of Operations Budget Schedules (**Annexure “1”**)
- 1.2.9.2 Refuse Removal tariff (**Annexure “2”**)
- 1.2.9.3 Sewerage tariff (**Annexure “3”**)
- 1.2.9.4 Water tariff (**Annexure “4”**)
- 1.2.9.5 Electricity Tariff (**Annexure “5”**)
- 1.2.9.6 Property Rates Tariffs (**Annexure “6”**)
- 1.2.9.7 Sundry Tariffs (**Annexure “7”**)
- 1.2.9.8 Property rates policy (**Annexure “8”**)
- 1.2.9.9 Budget policy (**Annexure “9”**)
- 1.2.9.10 Virement policy (**Annexure “10”**)
- 1.2.9.11 Tariff policy (**Annexure “11”**)
- 1.2.9.12 Indigent policy (**Annexure “12”**)
- 1.2.9.13 Asset management policy (**Annexure “13”**)
- 1.2.9.14 Cash management & investment policy (**Annexure “14”**)
- 1.2.9.15 Credit control & Debt Collection policy (**Annexure “15”**)
- 1.2.9.16 Supply Chain Management policy (**Annexure “16”**)
- 1.2.9.17 Borrowing policy (**Annexure “17”**)
- 1.2.9.18 Long term financial plan policy (**Annexure “18”**)
- 1.2.9.19 Capital planning project policy (**Annexure “19”**)
- 1.2.9.20 Bad debt write-off policy (**Annexure “20”**)
- 1.2.9.21 Unauthorized, Irregular, Fruitless and Wasteful Expenditure policy (**annexure “21”**)
- 1.2.9.22 Contract Management Policy (**Annexure “22”**)
- 1.2.9.23 Inventory Management Policy (**Annexure “23”**)
- 1.2.9.24 Unclaimed Deposit Policy (**Annexure “24”**)
- 1.2.9.25 Insurance Policy (**Annexure “25”**)
- 1.2.9.26 Funding & Reserves Policy (**Annexure “26”**)
- 1.2.9.27 Traffic Fines Policy (**Annexure “27”**)

- 1.2.10 To give proper effect to the municipality's annual budget, the Council of Randfontein Local Municipality approves:
- 1.2.11 That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations;
- 1.2.12 That the municipality did not budget to raise long term loans to fund the capital budget, and
- 1.2.13 That the Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.

1.3 Executive summary

We commit to respond to our people's legitimate demand for a better life as reflected in our budget in which the key priorities are water and sanitation, and related critical infrastructure maintenance. In a continued effort to create jobs for the inhabitants of RLM and to encourage private sector investment the capital budget is being focused on economic generating activities with 75% of the capital budget being allocated for this purpose. The Municipality has budgeted a total of R3,5 million for the Expanded Public Works against a national allocation of R1,5 million thousand to create jobs for the community.

1.3.1 Charting the Way Forward

MFMA Circular 68, 70, 74 75, 78 and 79 were taken into consideration in the preparation of the 2016/17 MTREF Budget. The RLM consolidated budget for the 2016/17 MTREF period is R1,156 Billion (2016/17), with the table below summarizing the consolidated overview

Table 1: Consolidated Overview of the 2016/2017 MTREF

2016/2017 MTREF BUDGET SUMMARY		
Description	Adjusted Budget	2016/2017
Total Operating Revenue	946,070,000	1,000,462,709
Total Operating Expenditure	975,543,000	1,035,544,126
Surplus/(Deficit) of the year	(29,472,000)	(35,081,416)
Total Capital Expenditure	165,879,000	121,071,350
TOTAL BUDGET	1 141 422 000	1 156 615 476

Total operating revenue has grown by 6% or R54 million for the 2016/2017 financial year when compared to the 2015/2016 Adjustments Budget.

Total operating expenditure for the 2016/2017 financial year has been appropriated at R1,035 billion and translates into an operating budgeted deficit of R35 million. This operating

deficit is a non-cash deficit due to non-cash depreciation totalling R83 million and debt impairment of R23 million.

MFMA Circular no. 58-79 stated that, in preparation for 2012/2013 budget, municipalities that have chosen the 'revaluation model' when implementing GRAP 17 must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases. When implementing GRAP 17 in 2008/09 financial year, Randfontein Local Municipality used the 'revaluation model' and subsequently used 'cost model' moving forward. The depreciation charge for 2016/17 has remained constant at R83 million due to the comprehensive asset verification exercise which may yield changes to the current asset register.

However, there continues to be a focus to reduce the deficit for the municipality in line with National Treasury circular 72 requirements, to produce a funded surplus budget. The deficit in 2016/17 has been increased by R9,1 million as compared to 2015/16 adjustment budget.

Randfontein Local Municipality has had to take a more conservative approach in the manner in which it approaches the budgeting. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury and in line with the Municipality's revenue enhancement strategy.

These measures are being implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our community.

Capital Budget

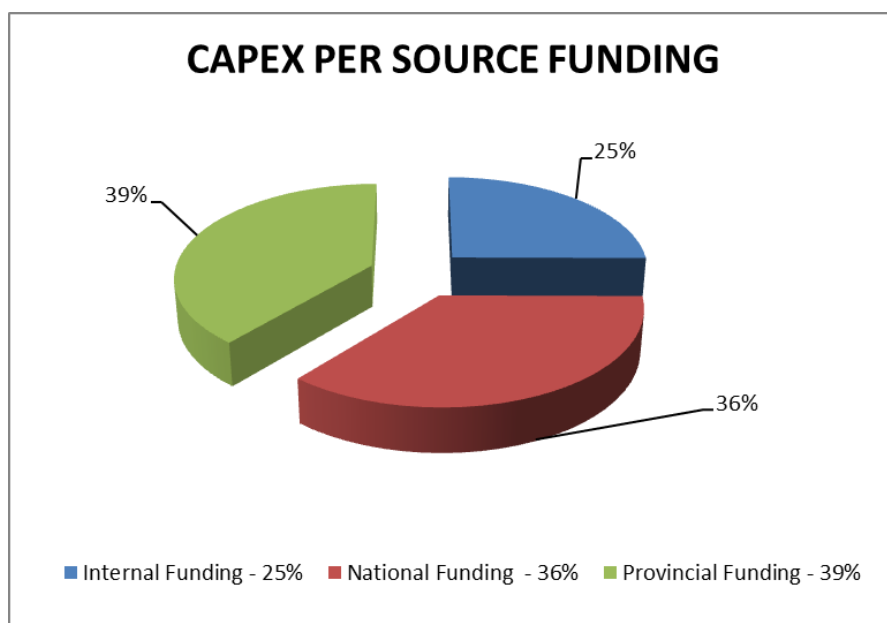
The total capital budget for 2016/17 amounts to R121 million. The table below highlights the capital budget per department:

Table 2: Capital Budget 2016-17

Row Labels	2016/2017 BUDGET
Community Services	15 900 000.00
Corporate Services	3 000 000.00
Development Planning	32 714 000.00
Infrastructure Services	33 400 000.00
Municipal Manager	36 057 350.00
TOTAL BUDGET	121 071 350.00

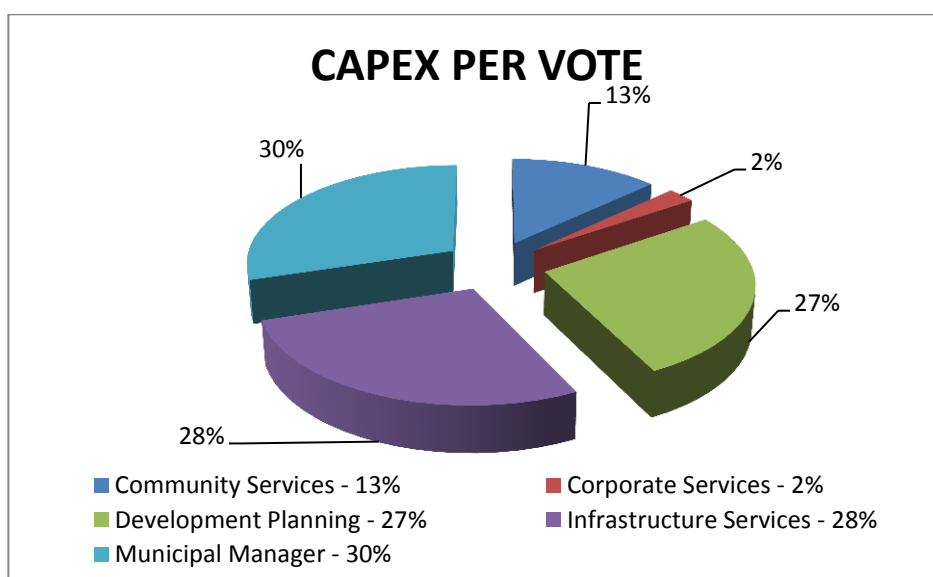
The capital budget of R121 million has been provided for 2016/2017 and has decreased by 27% as compared to the 2015/2016 Adjustment Budget. Own funded capital projects were decreased by R14,6 or 33% million due to limitations of cash reserves and debt owed by the municipality to Eskom.

Graph 1: 2016/2017 Capital Budget per Source



For 2016/2017 financial year the capital budget will be funded from capital transfers from national government at 36% and provincial government at 39% and internally generated at 25%. Internally funded projects will be limited to capital maintenance that has already been committed.

Graph 2: 2016/2017 Capital Expenditure per Vote



Municipal manager PMU offices received the largest budget 30% in the 2016/17 budget funded through MIG, in pursuit of the municipality to improve the municipal infrastructure. This is followed by the Infrastructure department with 28%, aimed towards improving and supplying water, electricity and roads maintenance to the community and to ensure efficient information and service delivery.

1.3.2 Operating Revenue Framework

For Randfontein Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue and expenditure management are fundamental to the financial sustainability of every municipality.

The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 90% annual collection rate for property rates and other key service charges;
- Electricity tariff increases of 9,4% still to approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipal property rates Act, 2004 (Act 6 of 2004) (MPRA);
- Impact of Census 2011;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies for the municipality.

The following table is a summary of the 2016/2017 MTREF (classified by main revenue source):

Table 3 Summary of revenue classified by main revenue source

GT482 Randfontein - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	77 851	74 975	106 374	119 831	119 831	119 831	119 831	127 925	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	322 928	358 518	380 511	461 784	461 784	461 784	461 784	505 191	-	-
Service charges - water revenue	2	68 053	68 155	81 244	97 197	97 197	97 197	97 197	98 354	-	-
Service charges - sanitation revenue	2	30 473	31 085	32 100	33 667	33 667	33 667	33 667	36 094	-	-
Service charges - refuse revenue	2	35 378	38 506	41 284	43 699	43 699	43 699	43 699	46 321	-	-
Service charges - other		7 100	268	289	1 755	1 755	1 755	1 755	1 860		
Rental of facilities and equipment		1 987	1 963	2 153	2 932	2 943	2 943	2 943	3 007		
Interest earned - external investments		3 471	2 339	3 096	1 916	1 916	1 916	1 916	2 031		
Interest earned - outstanding debtors		8 475	12 864	7 531	8 997	9 997	9 997	9 997	10 597		
Dividends received				-	-	-	-	-			
Fines		6 447	8 806	10 387	8 349	8 349	8 349	8 349	8 900		
Licences and permits		57	26	12	90	90	90	90	96		
Agency services		15 885	14 879	15 415	17 986	17 986	17 986	17 986	16 800		
Transfers recognised - operational		137 118	154 691	166 078	114 355	114 355	114 355	114 355	108 786		
Other revenue	2	17 649	5 090	7 901	28 282	32 502	32 502	32 502	34 499	-	-
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		732 873	772 166	854 376	940 839	946 071	946 071	946 071	1 000 463	-	-

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from services charges forms a significant percentage of the revenue basket for the municipality which amounts to R687 million.

This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity over the years. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling R127 million or 13% of the total revenue. The third largest sources (besides other service charges) is transfer recognized-operational and fourth largest is agency fees, followed by general income which consists of various items such as income received from rental of facilities, traffic fines, income from agency fees, building plan fees, connection fees, cemetery fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R109 million or 11% in the 2016/2017 financial year, a R6 million decrease from the previous year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term.

Table 4 Operating Transfers and Grant Receipts

GT482 Randfontein - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		97 242	100 070	105 876	103 180	103 180	103 180	102 086	-	-
Local Government Equitable Share		92 992	95 880	100 395	95 613	95 613	95 613	93 356		
Finance Management		1 250	1 300	1 450	1 450	1 450	1 450	1 475		
Municipal Systems Improvement		1 000	890	934	930	930	930	-		
EPWP Incentive		1 000	1 000	1 318	1 500	1 500	1 500	500		
Municipal Infrastructure Grant (MIG)		1 000	1 000	1 778	1 830	1 830	1 830	1 898		
Municipal Demarcation Transition Grants		-			1 857	1 857	1 857	4 857		
Other transfers/grants [insert description]						-				
Provincial Government:		2 412	3 108	3 650	4 204	4 204	4 204	6 700	-	-
Sport and Recreation		2 412	3 108	3 650	2 454	2 454	2 454	5 200		
Provincial Cogta PMS					750	750	750	1 000		
Provincial Cogta Grap 17					1 000	1 000	1 000	500		
District Municipality:		2 031	1 748	689	1 208	1 208	1 208	-	-	-
West Rand District Municipality		2 031	-							
HIV/Aids Grant		-	1 748	689	1 208	1 208	1 208	-		
Other grant providers:		4 045	1 716	1 580	5 763	5 763	5 763	-	-	-
SDL subsidy					334	334	334			
LG Seta		924	311	440	3 339	3 339	3 339			
Health subsidy					22	22	22			
Other grants		458	1 405	1 140	1 857	1 857	1 857			
Other grant providers:					-	-	-			
Developers Contribution		1 967	-							
Bontle ke Botho					211	211	211			
National Lottery Grant		696	-							
Total Operating Transfers and Grants	5	105 730	106 642	111 795	114 355	114 355	114 355	108 786	-	-

1.3.3 Summary of Rates and Service Charge Tariff implications to the 2016/17 MTREF Budget

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised local economic conditions, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom and Rand Water bulk tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will increase by 9,4% on 01 July 2016. Rand Water has notified municipalities that the proposed potable water tariff will be 12,9% from 01 July 2016.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities.

The basket of goods and services utilised for the calculation of the CPIX consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, materials and chemicals.

The current challenge facing Randfontein Local Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows:

1.3.3.1 Property rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional Affairs MFMA Budget Circular 59 and 79 for the 2016/2017 MTREF cautioned municipalities to "adopt a conservative approach when projecting their expected revenues and cash receipts".

The category of rateable properties for purposes of levying rates is proposed to be increased by 6,6%. The primary rebate will be reduced from the market value by R50,000-00 for residential properties. This in line with the National Treasury Municipal Finance Management Act circular 75.

Table 5: Proposed 2016/2017 Property Rates Tariffs

DETAILED CATEGORY	TARIFF	EXEMPTION	REBATE
Agricultural- Residential	0.0040	0	Can Apply
Agricultural- Commercial	0.0398	0	10%
Commercial/Industrial	0.0398	0	10%
Government	0.0398	0	0%
Mining	0.1065	0	0%
Multi-Purpose	0.0398	0	10%
Public Service Infrastructure	0.0040	0	Can Apply
Public Open Space	0.0398	0	0%
Parking	0.0159	0	0%
Recreational	0.0398	0	25%
Residential	0.0159	50 000	10%
Sectional Title	0.0159	50 000	10%
Vacant Stands	0.0636	0	0%
Municipal- Rateable	0.0159	50 000	10%
Municipal- Non Rateable	0.0398	Exempt	0%
Education	0.0398	0	0%
Religious-Place of Worship	0.0398	Exempt	0%
Private Open Space	0.0398	0	25%
Institute	0.0398	0	0%
Private Owned PSI	0.0477	0	25%
Township Title Properties	0.0159	50 000	100%
Servitudes	0.0159	50 000	100%
Pubic Benefit Organization	0.0040	0	Can Apply

SCHEDULE A

DETAILED CATEGORY	REBATE
Agricultural- Residential	Can Apply
Agricultural- Commercial	10%
Commercial/Industrial	10%
Government	0%
Mining	0%
Multi-Purpose	10%
Public Service Infrastructure	Can Apply
Public Open Space	0%
Parking	0%
Recreational	25%
Residential	10%
Sectional Title	10%
Vacant Stands	0%
Municipal- Rateable	10%
Municipal- Non Rateable	0%
Education	0%
Religious-Place of Worship	0%
Private Open Space	25%
Institute	0%
Private Owned PSI	25%
Township Title Properties	100%
Servitudes	100%
Pubic Benefit Organization	Can Apply

SCHEDULE B

RETIRED AND DISABLED RATE REBATE	
R 0 – R3100	Full rebate (Indigent)
R3101 – R3500	85 %
R3501 – R5000	70 %
R5001 – R6500	55 %
R6501 – R8500	40 %

SCHEDULE C

REBATES ON AGRICULTURAL LAND	
No municipal roads next to property	7,5%
No municipal sewerage to the property	7,5%
No municipal electricity to the property	7,5%
No water supply to the property by the municipality	15%
No refuse removal provided by the municipality	7,5%

1.3.1.2 Sale of water and impact of tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply and high percentage of water losses. Randfontein Local Municipality is facing similar dilemma as any municipality in our country. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

National Treasury encourages municipalities to develop a pricing strategy to phase-in the necessary tariff increase in a manner that spreads the impact on consumers over a period of time if the water tariffs for municipalities is not fully cost reflective. National Treasury further encourages municipalities to put in place an appropriate strategy to limit water losses to acceptable levels and

Rand Water will work together with municipalities to assist on water demand management. Water losses in 2015/2016 audited financial statements was 22%. The Infrastructure Department has developed a strategy to curb these high water losses, and it is imperative for the Department to implement the strategy vigorously as part of revenue enhancement and cost containment strategy.

Better maintenance of infrastructure, new reservoirs construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Rand Water has proposed an indicative tariff increase of about 11,9% for municipal budgeting process. A tariff increase of 12,9% from 01 July 2016 for water is therefore proposed. This is based on input cost assumptions of 11,9% increase in the cost of bulk water (Rand Water) and 1% of the administration costs.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 6: Proposed water tariffs
2016-17**

WATER	APPROVED 2015/2016	PROPOSED 2016/2017	PROPOSED 2017/2018	PROPOSED 2018/2019
Basic charge per kl (pm)	26.64	30.08	32.79	35.74
Infrastructure levy	0.79	0.89	0.97	1.06
RESIDENTIAL				
0 to 6 kl Non-Indigents	5.87	12.43	13.55	14.77
7 to10 kl	18.22	20.57	22.42	24.44
11 to 20 kl	20.30	22.92	24.98	27.23
21 kl to 30 kl	22.18	23.29	25.39	27.68
31 kl and more	-	25.04	27.29	29.75
BUSINESS / INDUSTRIAL				
Basic charge per kl (pm)	0-00	500.00	564.50	637.32
0 to 100 kl	19.42	21.93	23.90	26.05
101 kl to 199 kl	18.59	20.99	22.88	24.94
200 kl and more	-	23.00	25.07	27.33
SCHOOLS / CHURCHES / WELFARE				
0 kl to 200 kl	16.45	18.57	20.24	22.06
201 kl and more	16.45	18.57	20.24	22.06
MINES BULK				
Bulk water	11.19	12.63	13.77	15.01
SUPPLY OF UNMETERED WATER				
Deemed consumption : 30 kl	161.94	182.83	199.28	217.22
INFORMAL SETTLEMENT				
Per Kl	15.98	18.04	19.66	21.43
VACANT STANDS				
Per residential stand	127.85	144.34	157.33	171.49
Per non-residential stand	181.12	204.48	222.88	242.94

1.3.1.3 Sale of electricity and impact of tariff Increases

The Eskom price of bulk electricity supplied to municipalities will increase by 9,4% on 01 July 2016. NERSA issued a guideline directing an increase of 9,4% for municipal electricity tariffs. For 2016/2017, registered household indigents will again be granted 100 kWh per month free of charge.

In the 2016/2017 financial year, no changes have been made in the electricity tariff structure compared to the previous 2015/16 financial year. The structure remains as follows:

- That the time of use (TOU) structure is for large consumers to reflect peak and off-peak and standard charges.
- The Inclining Block Tariff (IBT) structure for residential customers is retained with the tariffs being increased by 9,4% as per NERSA guideline.

Table 7: Proposed Electricity Tariffs

Domestic consumers with Conventional electricity meters (non-indigent households).

Tariffs blocks kwh	CURRENT TARIFFS 2015/2016	PROPOSED tariffs c/kwh 2016/2017	Proposed tariffs c/kwh 2017/2018	Proposed tariffs c/kwh 2018/2019
Block 1 (0 – 50) kWh	0.79	0.86	0.94	1.03
Block 2 (51 – 100) kWh	0.79	1.14	1.25	1.37
Block 3 (101 – 350) kWh	1.04	1.14	1.25	1.37
Block 4 (351 - 600) kWh	1.41	1.54	1.68	1.84
Block 5 (> 600) kWh	1.66	1.82	1.99	2.18
Basic Charge(R/Month)	131.07	143.39	156.87	171.62

Domestic consumers with prepaid electricity meters (non-indigent households).

Tariffs blocks kwh	CURRENT TARIFFS 2015/2016	PROPOSED tariffs c/kwh 2016/2017	Proposed tariffs c/kwh 2017/2018 R	Proposed tariffs c/kwh 2018/2019
Block 1 (0 – 50) kwh	0.79	0.86	0.94	1.03
Block 2 (51 – 100) kWh	0.79	1.14	1.25	1.37
Block 2 (101 – 350) kwh	1.04	1.14	1.25	1.37
Block 3 (351 - 600) kwh	1.41	1.54	1.68	1.84
Block 4 (600) kwh	1.66	1.82	1.99	2.18

Domestic consumers with prepaid electricity meters (Indigent households)

Tariffs blocks kwh	CURRENT TARIFFS 2015/2016	PROPOSED tariffs c/kwh 2016/2017	Proposed tariffs c/kwh 2017/2018	Proposed tariffs c/kwh 2018/2019
Block 1 (0 - 50) kwh	0.79	0.86	0.94	1.03
Block 2 (50 - 100) kwh	0.79	1.14	1.25	1.37
Block 3 (101 - 350) kwh	1.04	1.14	1.25	1.37
Block 4 (351- 600) kwh	1.41	1.54	1.68	1.84
Block 5 (600) kwh	1.66	1.82	1.99	2.18

Domestic consumers with conventional electricity meters (Indigent households)

Tariffs blocks kwh	CURRENT TARIFFS 2015/2016	PROPOSED tariffs c/kwh 2016/2017	Proposed tariffs c/kwh 2017/2018	Proposed tariffs c/kwh 2018/2019
Block 1 (0 - 50) kwh	0.79	0.86	0.94	1.03
Block 2 (51 - 100) kwh	0.79	1.14	0.94	1.03
Block 3 (101- 350) kwh	1.04	1.14	1.25	1.37
Block 4 (351 - 600)kwh	1.41	1.54	1.68	1.84
Block 5 (600) kwh	1.66	1.82	1.99	2.18
Basic/Fixed charge: R/month	131.07	143.39	156.87	171.62

Commercial Tariffs

Commercial Conventional Tariffs	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017
Basic Charge	R339-23 /pm	R565.00 /pm
Energy Charge	137,00c/kWh	R150.00 /kWh

Commercial Prepaid Tariffs	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017
Energy Charge	R171-96c/kWh	R188.12 /kWh

Industrial < 1000 kVA	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017 Summer
Basic Charge	R1,857-88 /pm	R2,032.52 /pm
Energy Charge	68-67c/kWh	78-79/kWh
Demand Charge	R185-63 /kVA	203.59 /kVA

Industrial > 1000 kVA	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017 Summer
Basic Charge	R1,857-88 / pm	R2,032.52 /pm
Energy Charge	65-59c/kWh	78.79 c/kWh
Demand Charge	R186-10 /kVA	203.59 /kVA

Time of Use (TOU) Tariffs

Low Voltage < 70 kVA <u>Low Season</u>	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017
Basic Charge	R1,655-87 /pm	R1,811-52 /pm
Energy Charge : Peak Standard Off-peak	97-82 c/kWh 67-33 c/kWh 42-42 c/kWh	107.02 c/kWh 73.66 c/kWh 46.41 c/kWh
Demand Charge	R185-63 /kVA	R203.08 / kVA

Low Voltage < 70 kVA <u>High Season</u>	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017
Energy Charge : Peak Standard Off-peak	299-88 c/kWh 90-85 c/kWh 48-93 c/kWh	328.07 c/kWh 99.39 c/kWh 53.53 c/kWh
Demand Charge	R74-08 /kVA	R81.04 /kVA
Access charge	R60-61 /kVA	R66.31 /kVA
Reactive Energy	R3-36 kVArh	R3.68 kVArh

Time of Use (TOU) – Low Voltage > 70 kVA <u>Low Season</u>	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017
Basic Charge	R1,857-89 /pm	2032.53 / pm
Energy Charge : Peak Standard Off-peak	97-82 c/kWh 67-33 c/kWh 42-72 c/kWh	107.02 c/kWh 73.66 c/kWh 46.74 c/kWh
Demand Charge	R74.08 /kVA	81.04 /kVA
Access charge	R60-61/kVA	66.31 /kVA
Reactive Energy	R3-37 kVArh	3.69 kVArh
Time of Use (TOU) – Low Voltage > 70 kVA <u>High Season</u>	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017
Energy Charge : Peak Standard Off-peak	299-88 c/kWh 90-85 c/kWh 48-93 c/kWh	328.07 c/kWh 99.39 c/kWh 53.53 c/kWh
Demand Charge	67-34c/kVA	73.67 /kVA
Access charge	R55-10 /kVA	60.28 /kVA
Reactive Energy	R3-36 kVArh	3.68 kVArh

Street lighting tariff

DESCRIPTION	CURRENT tariffs 2015/2016	PROPOSED tariffs 2016/2017
Energy charge : c/kWh	107-75	117.88

That cognizance be taken that the proposed tariffs were increased by 9.4% on the tariffs for the 2016/2017 financial year and 9.4% based on the tariffs for 2017/2018 and 2018/2019 financial year, subject to NERSA approval.

The large consumers will all be charged on TOU with lower demand charges and higher energy charges and will thus be allowed more opportunity to save by shifting load.

- Registered household indigents will again be granted 100 kWh per month free of charge.

That a 20 Amp circuit breaker limit be approved for indigents.

That the final budget be determined by the tariffs that will be approved by NERSA.



The cost reflected for the free basic electricity is the costs that will be debited to the free basic services line item of the municipality. The tariff is based on the average cost of electricity to the municipality.

1.3.1.4. Sanitation and impact of tariff Increases

A tariff increase of 6% for sanitation from 01 July 2016 is proposed. The increase is based on the inflation forecast by National Treasury for the 2016/2017 financial year. Free sanitation (of 10 kℓ water) will be applicable to registered indigents.

The total revenue expected to be generated from rendering this service amounts to R36 million for the 2016/2017 financial year. The following table compares the current and proposed tariffs:

SEWER	APPROVED 2015/2016	PROPOSED 2016/2017	PROPOSED 2017/2018	PROPOSED 2018/2019
LEVY ON LAND SIZE FOR ALL RESIDENTIAL CONSUMERS				
0 – 350	21.30	22.58	23.93	25.37
351 – 600	31.34	33.22	35.21	37.32
601 – 800	31.34	33.22	35.21	37.32
801 - 1000	31.34	33.22	35.21	37.32
1001 – 1200	40.76	43.21	45.80	48.55
1201 – 1400	40.76	43.21	45.80	48.55
Over 1400	167.65	177.71	188.37	199.67
Bulk water per kl over 150 kl	0.84	0.89	0.94	1.00
ADDITIONAL LEVY				
House / flats	98.17	104.06	110.30	116.92
Business/Ind/Hotels/Gov prop	107.89	114.36	121.22	128.49
Bulk water per kl	4.08	4.32	4.58	4.85
Vacuum tanker per kl – per	131.18	139.05	147.39	156.23
VIP Toilets and Buckets – per suction	50.00	53.00	56.18	59.55
AVAILABILITY CHARGE VACANT STANDS				
Residential	158.09	167.58	177.63	188.29
Non Residential	220.00	233.20	247.19	262.02

**Table 8: Proposed sanitation tariffs**

The proposed tariff adjustment for the 2016/2017 financial year is **6%** and the increase for 2017/2018 financial year is 6 % respectively. Sewer services, which include sewer administration and purification works is an economic services.

1.3.1.5 Solid waste removal and impact of tariff increase

A proposed average increase of 6% is proposed for 2016/2017 on refuse removal. It is widely accepted that the rendering of this service should at least break even, which is currently not the case, hence the increase of 6%. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term, including the resuscitation of the weighbridge, in order to charge objectively. A detailed refuse tariffs is attached as **Annexure**.

Table 9 : Proposed solid waste removal

REFUSE	APPROVED 2015-16	PROPOSED 2016-17	PROPOSED 2017-18	PROPOSED 2018-19
Business daily	707.08	749.50	794.47	842.14
CHARGE PER BIN COLLECTED				
Residential	143.64	152.26	161.40	171.08
Business	250.94	266.00	281.96	298.88
Flats	123.53	130.94	138.80	147.13
Industrial per M ³	55.01	58.31	61.81	65.52
Institutions	250.53	265.56	281.49	298.38
Old Age Homes	36.26	38.44	40.75	43.20
Garden & rubble / load	265.00	280.90	297.75	315.62

1.3.2 Operating Expenditure Framework

Randfontein Local Municipality expenditure framework for the 2016/17 budget and MTREF is informed by Section 18 and 19 of the Municipal Finance Management Act 2003, (No. 56 of 2003).

Balanced budget constraint – for the past three years the municipality has been budgeting for a deficit and is currently reviewing its revenue enhancement strategy to eliminate budgeting for a deficit. This is due depreciation as a result of a revaluation model for assets in compliance with GRAP 17. The capital programme is aligned to the asset renewal and backlog eradication plan; Operational gains and efficiencies will be directed to funding the capital budget and other core services.

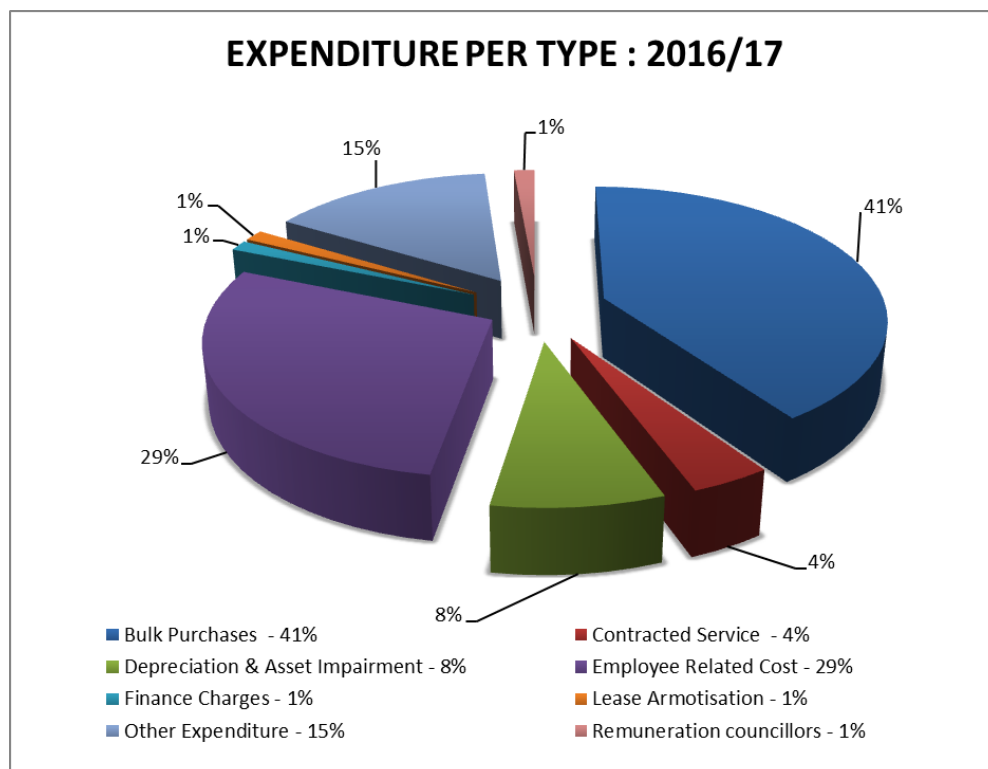
The following table is a high level summary of the 2016/2017 budget and MTREF (classified per main type of operating expenditure):



Table 10: Summary of operating expenditure by item for the 2016/2017 MTREF

GT482 Randfontein - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs	2	192 312	209 245	220 397	252 688	254 488	254 488	254 488	288 523	-	-
Remuneration of councillors		13 747	14 072	16 225	17 477	17 670	17 670	17 670	14 042		
Debt impairment	3	36 128	40 796	23 008	22 410	22 410	22 410	22 410	23 755		
Depreciation & asset impairment	2	104 804	87 596	85 397	88 301	88 301	88 301	88 301	97 210	-	-
Finance charges		17 879	24 488	20 959	11 793	11 793	11 793	11 793	12 569		
Bulk purchases	2	292 648	329 572	363 120	372 291	372 291	372 291	372 291	408 858	-	-
Other materials	8										
Contracted services		27 975	25 440	33 423	31 025	31 025	31 025	31 025	39 361	-	-
Transfers and grants		420	420	420	630	630	630	630	420	-	-
Other expenditure	4, 5	121 133	138 811	147 657	170 570	176 138	176 138	176 138	150 806	-	-
Loss on disposal of PPE											
Total Expenditure		807 045	870 439	910 608	967 184	974 745	974 745	974 745	1 035 544	-	-

Graph 5: Expenditure by major type for the 2016/2017 financial year





The budgeted allocation for employee related costs for the 2016/2017 financial year amounts to R288 million, which equals 28% of the total operating expenditure, Employee related cost overall will increase by 7,6% over the medium term.

The following are highlights of the components of operating expenditure:

- Expenditure against overtime has increased slightly by 0,1% from the previous financial year. Overtime is only being provided for emergency services and other critical functions;
- The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (No. 20 of 1998). The most recent proclamation (Government Gazette no. 35962) in this regard has been taken into account in compiling the municipality's budget and an increase of 7,6% has factored in taking into consideration grading number 5 of the municipality;
- The provision of debt impairment was determined based on an annual collection rate of 80%. For the 2016/2017 financial year this amount equates to R23,7 million. This expenditure is considered to be a non-cash flow item;
- Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset of consumption of assets. Budget appropriations in this regard total R83 million for the 2016/2017 financial year and equates to 8% of the total operating expenditure;
- Finance charges consist primarily of the repayment of interest on long-term borrowing and interest on ESKOM outstanding debt (Finance charges make up 1% of operating expenditure excluding annual redemption);
- Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The Bulk purchase constitutes 40% of the total operating budget. It is therefore imperative that the municipality prioritise the reduction of the distribution losses to maximum income generation from this expenditure item.
- In line with the Randfontein Local municipality repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the infrastructure. For 2016/2017 a provision of R50 million has been provided. However this is well below the national treasury circular 55. Guideline which stipulates that the Municipality must budget for at least 8% of the total asset carrying value, which translates to R200 million; and



- Other general expenses have been identified as one of the highest cost drivers for the municipality. In the 2016/2017 financial year, this group of expenditure totals R150 million or 14.5% of the total budget. The following table gives a breakdown of the main expenditure categories for the 2017/2018 financial year.

1.3.2.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality current infrastructure, the 2016/2017 budget and MTREF provides 5% of the total operating and capital budget. This includes the capital maintenance growth in the area of asset maintenance as informed by the availability of resources and asset renewal strategy.

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures such as remuneration, purchases of materials and contracted services. The total allocation for 2016/2017 equates to R32,5 million (operational) and R20,7 million (for Capital maintenance) of which the overall budget for repairs and maintenance amounts to R53,2 million.

During the compilation of the 2016/2017 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. However the municipality cannot afford the 8% due to the budgetary constraints. Efforts will be made in future to align with the National treasury guidelines. The budgeted depreciation amount of R83 million still falls short of the 8% (R200 million) of the net book value of assets requirement by national treasury. Inability to cater adequately for repairs and maintenance limits leads to accelerated wear and tear of the municipal assets. In this view there needs to be an on-going vigilance to reduce costs and become more efficient to allow for the full funding of depreciation and debt impairment.



Table 11: Repairs and maintenance expenditure per asset classification:

GT482 Randfontein - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		10 600	13 935	22 377	15 648	15 648	15 648	29 957	28 442	21 281
Infrastructure - Road transport		2 551	2 754	11 710	6 311	6 311	6 311	20 657	19 146	15 225
<i>Roads, Pavements & Bridges</i>		2 052	1 411	11 018	4 213	4 213	4 213	18 557	16 920	12 865
<i>Storm water</i>		499	1 343	692	2 098	2 098	2 098	2 100	2 226	2 360
Infrastructure - Electricity		2 665	7 910	7 732	5 177	5 177	5 177	3 300	3 526	–
<i>Generation</i>			7 781	–		–	–			
<i>Transmission & Reticulation</i>		1 860		6 663	5 177	5 177	5 177	3 300	3 526	–
<i>Street Lighting</i>		805	129	1 069		–	–	–	–	
Infrastructure - Water		1 772	1 377	795	3 660	3 660	3 660	3 500	3 710	3 933
<i>Reticulation</i>		1 772	1 377	795	3 660	3 660	3 660	3 500	3 710	3 933
Infrastructure - Sanitation		1 801	580	1 580	500	500	500	2 500	2 060	2 124
<i>Reticulation</i>			453	1 205				2 000	1 530	1 562
<i>Sewerage purification</i>		1 801	127	375	500	500	500	500	530	562
Infrastructure - Other		1 811	1 314	559	–	–	–	–	–	–
<i>Waste Management</i>		445	390	(440)				–	–	
<i>Other</i>	3	1 366	924	999				–	–	
Community		1 404	1 639	277	1 121	1 121	1 121	2 800	1 060	1 124
Parks & gardens		417	218	(190)	421	421	421	1 000	1 060	1 124
Sportsfields & stadia		–		2	–	–	–			
Community halls		73	246	10	–	–	–	–	–	
Libraries		–	12	4	700	700	700	1 800	–	–
Recreational facilities		266	1 132	302	–	–	–	–	–	
Security and policing		61	25	60	–	–	–	–	–	
Clinics		9		–	–	–	–			
Cemeteries		560	6	90	–	–	–	–	–	
Other		17			–	–	–			
Other assets		178	199	354	850	850	850	1 500	1 590	1 685
General vehicles		5	49	169				–	–	
Plant & equipment		–	15	5	–	–	–	–	–	
Furniture and other office equipment		89	55	137	–	–	–	–	–	
Other Buildings		62	41	0	850	850	850	1 500	1 590	1 685
Other		23	39	44	–	–	–	–	–	
Total Repairs and Maintenance Expenditure	1	12 181	15 772	23 008	17 619	17 619	17 619	34 257	31 092	24 090

1.3.2.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Randfontein Local Municipality Indigent Management Policy. The target is to register 8000 or more indigents households during the 2016/2017 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).



The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share of R98,2 million receivable in terms of the annual Division of Revenue Bill.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote.

Table 12: Capex by Vote:

DEPARTMENT	2016/2017 DRAFT BUDGET
Community Services	15 900 000
Corporate Services	3 000 000
Development Planning	32 714 000
Infrastructure Services	33 400 000
Municipal Manager	36 057 350
TOTAL BUDGET	121 071 350



Table 13: Capital expenditure by Standard Classification

GT482 Randfontein - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Municipal Vote											
Multi-year expenditure appropriation	2										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	46 057	32 935	36 557
Vote 2 - Council and Executive		-	371	419	482	482	482	482	-	-	-
Vote 3 - Financial Management		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		63	2 325	69	10 010	10 010	10 010	10 010	-	-	-
Vote 5 - Infrastructure		36 222	56 619	49 792	69 652	133 995	133 995	133 995	27 600	18 946	19 843
Vote 6 - Licensing and Traffic		2 520	2 996	232	-	-	-	-	-	-	-
Vote 7 - Development Planning		1 223	898	-	-	-	-	-	32 714	-	-
Vote 8 - Social Services		12 414	7 103	16 403	8 850	6 450	6 450	6 450	1 500	1 590	1 685
Capital multi-year expenditure sub-total		52 441	70 312	66 916	88 994	150 937	150 937	150 937	107 871	53 471	58 085
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Municipal Manager		-	15	-	-	-	-	-	-	-	-
Vote 2 - Council and Executive		-	-	-	-	130	130	130	-	-	-
Vote 3 - Financial Management		-	37	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		1 338	1 826	1 073	3 300	3 300	3 300	3 300	3 000	2 500	1 000
Vote 5 - Infrastructure		3 536	5 207	3 713	7 277	7 937	7 937	7 937	5 800	6 556	3 062
Vote 6 - Licensing and Traffic		5	658	16	425	86	86	86	-	-	-
Vote 7 - Development Planning		161	-	-	-	-	-	-	-	-	-
Vote 8 - Social Services		293	830	598	3 100	3 489	3 489	3 489	4 400	-	-
Capital single-year expenditure sub-total		5 333	8 574	5 400	14 102	14 942	14 942	14 942	13 200	9 056	4 062
Total Capital Expenditure		57 774	78 885	72 316	103 096	165 879	165 879	165 879	121 071	62 527	62 147
Capital Expenditure - Standard											
Governance and administration		1 400	4 620	1 883	13 792	13 922	13 922	13 922	3 000	2 500	1 000
Executive and council			386	419	482	612	612	612			
Budget and treasury office			37			-	-	-			
Corporate services		1 400	4 197	1 464	13 310	13 310	13 310	13 310	3 000	2 500	1 000
Community and public safety		19 151	17 082	21 910	12 667	19 717	19 717	19 717	25 400	10 585	15 366
Community and social services		8 795	3 111	21 662	12 242	19 542	19 542	19 542	11 000	9 085	10 366
Sport and recreation		7 831	10 317		-	-	-	-	14 400	1 500	5 000
Public safety		2 525	3 655	249	425	175	175	175			
Economic and environmental services		10 970	11 283	28 984	35 072	39 990	39 990	39 990	35 157	32 146	32 225
Planning and development		1 384	898			-	-	-	-	1 000	2 000
Road transport		9 586	10 385	28 984	35 072	39 990	39 990	39 990	35 157	31 146	30 225
Trading services		26 253	45 900	19 539	40 537	91 221	91 221	91 221	57 514	17 296	13 556
Electricity		10 837	26 244	9 054	35 877	36 397	36 397	36 397	18 800	10 026	6 500
Water		9 171	12 111	6 225	4 160	54 184	54 184	54 184	36 714	5 740	5 494
Waste water management		1 649	1 146	899	500	640	640	640	1 500	1 000	1 000
Waste management		4 596	6 398	3 361	-	-	-	-	500	530	562
Other		-	-	-	1 029	1 029	1 029	1 029	-	-	-
Total Capital Expenditure - Standard	3	57 774	78 885	72 316	103 097	165 879	165 879	165 879	121 071	62 527	62 147
Funded by:											
National Government		33 059	36 831	40 528	62 761	106 861	106 861	106 861	43 557	32 935	36 557
Provincial Government		978	2 319	10 505	4 100	4 400	4 400	4 400	47 114	-	-
District Municipality					-	9 524	9 524	9 524			
Transfers recognised - capital	4	34 037	39 150	51 033	66 861	120 784	120 784	120 784	90 671	32 935	36 557
Internally generated funds		23 737	39 736	21 283	36 236	45 094	45 094	45 094	30 400	29 592	25 590
Total Capital Funding	7	57 774	78 885	72 316	103 096	165 879	165 879	165 879	121 071	62 527	62 147



In the 2016/2017 an amount of R57,5 million has been appropriated for the trading services which represents 48% of the total capital budget followed by the economic and environmental service with an amount of R35,1 million which represent 30%.

Expenditure in new assets represents R79,8 million of the total capital budget while asset renewal equates to R41,3 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table SA 34(a) and (b) and A9 (Asset Management) of the MBRR. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes amongst others, the following table provides a breakdown of the capital budget to be spent on infrastructure:

Table 14: Capital Budget per Infrastructure Type

GT482 Randfontein - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Budget Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
Total New Assets	1	46,556	72,628	43,140	68,556	67,020	67,020	7,000	6,530	6,062
Infrastructure - Road transport		8,827	5,273	9,616	12,889	12,889	12,889	—	—	—
Infrastructure - Electricity		7,474	20,740	3,962	30,500	15,000	15,000	2,000	2,500	2,500
Infrastructure - Water		8,486	9,858	—	500	10,024	10,024	—	—	—
Infrastructure - Sanitation		1,257	—	—	—	—	—	500	530	562
Infrastructure - Other		4,596	—	149	—	—	—	—	—	—
Infrastructure		30,640	35,871	13,728	43,889	37,913	37,913	2,500	3,030	3,062
Community		9,636	9,477	18,713	9,700	13,300	13,300	1,500	—	—
Heritage assets		—	21,996	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	6,280	5,284	10,699	14,967	15,807	15,807	3,000	3,500	3,000
Total Renewal of Existing Assets	2	11,219	6,258	29,177	34,540	83,359	83,359	99,471	53,241	53,164
Infrastructure - Road transport		5,416	743	18,011	22,183	30,501	30,501	32,557	29,890	28,303
Infrastructure - Electricity		—	2,695	2,991	5,377	5,122	5,122	14,800	7,526	4,000
Infrastructure - Water		2,044	1,035	5,838	3,660	44,415	44,415	36,214	3,710	3,933
Infrastructure - Sanitation		255	—	379	500	500	500	2,000	1,530	1,562
Infrastructure - Other		—	—	573	—	—	—	—	—	—
Infrastructure		7,715	4,472	27,792	31,720	80,538	80,538	85,571	42,656	37,798
Community		2,280	1,325	1,355	1,121	1,121	1,121	11,300	8,995	13,681
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	1,223	461	30	1,700	1,700	1,700	2,600	1,590	1,685
Total Capital Expenditure	4	14,243	6,015	27,627	35,072	43,390	43,390	32,557	29,890	28,303
Infrastructure - Road transport		7,474	23,434	6,953	35,877	20,122	20,122	16,800	10,026	6,500
Infrastructure - Electricity		10,530	10,894	5,838	4,160	54,439	54,439	36,214	3,710	3,933
Infrastructure - Water		1,512	—	379	500	500	500	2,000	2,060	2,124
Infrastructure - Sanitation		4,596	—	722	—	—	—	—	—	—
Infrastructure - Other		38,355	40,343	41,519	75,609	118,451	118,451	88,071	45,686	40,860
Infrastructure		11,916	10,801	20,068	10,821	14,421	14,421	12,800	8,995	13,681
Community		—	21,996	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	7,503	5,745	10,729	16,667	17,507	17,507	5,600	5,090	4,685
TOTAL CAPITAL EXPENDITURE - Asset class	2	57,774	78,885	72,316	103,096	150,379	150,379	106,471	59,771	59,226
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		1,059	2,111,424	—	22,183	22,183	22,183	—	—	—
Infrastructure - Electricity		—	—	—	5,377	5,377	5,377	—	—	—
Infrastructure - Water		—	—	—	3,660	3,660	3,660	—	—	—
Infrastructure - Sanitation		1,000	—	—	500	500	500	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		2,059	2,111,424	—	31,720	31,720	31,720	—	—	—
Community		6,861	176,319	—	1,121	1,121	1,121	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		120,170	243,701	219,945	104	104	104	115	—	—
Other assets		5,810	259,668	—	1,700	1,700	1,700	—	—	—
Agricultural Assets		2,244	—	—	—	—	—	—	—	—
Biological assets		972	754	788	754	754	754	—	—	—
Intangibles		37,038	37,993	36,971	39,105	39,105	39,105	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	175,154	2,829,861	257,705	74,504	74,504	74,504	115	—	—
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		104,804	87,596	85,397	88,301	88,301	88,301	85,803	—	—
Repairs and Maintenance by Asset Class	3									
Infrastructure - Road transport		12,181	15,772	23,008	17,619	17,619	17,619	34,766	38,276	—
Infrastructure - Electricity		2,551	2,754	11,710	6,311	6,311	6,311	11,092	12,353	—
Infrastructure - Water		2,665	7,910	7,732	5,177	5,177	5,177	8,454	8,927	—
Infrastructure - Sanitation		1,772	1,377	795	3,660	3,660	3,660	4,403	4,649	—
Infrastructure - Other		1,801	580	1,580	500	500	500	2,421	2,572	—
Infrastructure		1,811	1,314	559	—	—	—	4,098	4,649	—
Infrastructure		10,600	13,935	22,377	15,648	15,648	15,648	30,468	33,150	—
Community		1,404	1,639	277	1,121	1,121	1,121	3,650	4,351	—
Other assets	6, 7	178	199	354	850	850	850	648	775	—
TOTAL EXPENDITURE OTHER ITEMS		116,985	103,368	108,405	105,920	105,920	105,920	120,568	38,276	—



1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of *section 8 of the Municipal Budget and Reporting Regulations*. These tables set out the municipality's 2016/17 budget and MTREF as approved by Council. Each table is accompanied by explanatory notes on the facing page.

Table15: MBRR A1-Consolidated Budget Summary

GT482 Randfontein - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	77 851	74 975	106 374	119 831	119 831	119 831	119 831	127 925	–	–
Service charges	463 933	496 533	535 429	638 101	638 101	638 101	638 101	687 821	–	–
Investment revenue	3 471	2 339	3 096	1 916	1 916	1 916	1 916	2 031	–	–
Transfers recognised - operational	137 118	154 691	166 078	114 355	114 355	114 355	114 355	108 786	–	–
Other own revenue	50 500	43 628	43 400	66 636	71 867	71 867	71 867	73 900	–	–
Total Revenue (excluding capital transfers and contributions)	732 873	772 166	854 376	940 839	946 071	946 071	946 071	1 000 463	–	–
Employee costs	192 312	209 245	220 397	252 688	254 488	254 488	254 488	288 523	–	–
Remuneration of councillors	13 747	14 072	16 225	17 477	17 670	17 670	17 670	14 042	–	–
Depreciation & asset impairment	104 804	87 596	85 397	88 301	88 301	88 301	88 301	97 210	–	–
Finance charges	17 879	24 488	20 959	11 793	11 793	11 793	11 793	12 569	–	–
Materials and bulk purchases	292 648	329 572	363 120	372 291	372 291	372 291	372 291	408 858	–	–
Transfers and grants	420	420	420	630	630	630	630	420	–	–
Other expenditure	185 235	205 046	204 089	224 005	229 573	229 573	229 573	213 922	–	–
Total Expenditure	807 045	870 439	910 608	967 184	974 745	974 745	974 745	1 035 544	–	–
Surplus/(Deficit)	(74 172)	(98 274)	(56 231)	(26 346)	(28 675)	(28 675)	(28 675)	(35 081)	–	–
Transfers recognised - capital	–	–	–	66 861	–	–	–	–	–	–
Contributions recognised - capital & contributed	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(74 172)	(98 274)	(56 231)	40 515	(28 675)	(28 675)	(28 675)	(35 081)	–	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(74 172)	(98 274)	(56 231)	40 515	(28 675)	(28 675)	(28 675)	(35 081)	–	–
Capital expenditure & funds sources										
Capital expenditure	57 774	78 885	72 316	103 097	165 879	165 879	165 879	121 071	62 527	62 147
Transfers recognised - capital	34 037	39 150	51 033	66 861	120 784	120 784	120 784	90 671	32 935	36 557
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	23 737	39 736	21 283	36 236	45 094	45 094	45 094	30 400	29 592	25 590
Total sources of capital funds	57 774	78 885	72 316	103 096	165 879	165 879	165 879	121 071	62 527	62 147
Financial position										
Total current assets	125 193	132 530	122 624	98 624	97 046	97 046	97 046	120 695	–	–
Total non current assets	2 632 022	2 611 401	2 554 162	2 661 750	2 670 997	2 670 997	2 670 997	2 802 163	–	–
Total current liabilities	243 633	285 615	264 653	162 557	212 557	212 557	212 557	186 265	–	–
Total non current liabilities	87 897	80 921	90 853	72 103	72 103	72 103	72 103	74 161	–	–
Community wealth/Equity	2 425 684	2 377 395	2 321 280	2 525 714	2 483 384	2 483 384	2 483 384	2 662 431	–	–
Cash flows										
Net cash from (used) operating	143 653	107 023	74 119	115 341	118 651	118 651	118 651	95 620	–	–
Net cash from (used) investing	(68 766)	(78 204)	(84 576)	(117 650)	(133 389)	(133 389)	(133 389)	(97 947)	–	–
Net cash from (used) financing	(25 692)	(25 070)	(10 925)	661	(9 498)	(9 498)	2 563	1 700	–	–
Cash/cash equivalents at the year end	49 145	52 893	31 510	8 851	7 274	7 274	19 335	6 647	6 647	6 647
Cash backing/surplus reconciliation										
Cash and investments available	#VALUE!	63 125	42 802	21 589	20 012	20 012	20 012	34 702	–	–
Application of cash and investments	158 965	172 505	134 128	(36 041)	9 447	9 447	9 447	30 448	–	–
Balance - surplus (shortfall)	#VALUE!	(109 380)	(91 326)	57 630	10 565	10 565	10 565	4 255	–	–
Asset management										
Asset register summary (WDV)	175 154	2 829 861	257 705	74 504	74 504	74 504	37 874	37 874	–	–
Depreciation & asset impairment	104 804	87 596	85 397	88 301	88 301	88 301	97 210	97 210	–	–
Renewal of Existing Assets	11 219	6 258	29 177	34 540	83 359	83 359	83 359	99 471	53 241	53 164
Repairs and Maintenance	12 181	15 772	23 008	17 619	17 619	17 619	34 766	34 766	38 276	–
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	32 755	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sew erage:	–	1	1	–	–	–	–	–	–	–
Energy :	–	–	–	–	–	–	–	–	–	–
Refuse:	78	9	9	4	4	4	4	4	4	4

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance);



- b. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs;
- c. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard;
- d. There is an operating deficit (after Total Expenditure) over the MTREF;
- e. Capital expenditure is balanced by capital funding sources;
- f. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget;
- g. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2016/2017, when a small surplus is reflected; and
- h. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the community and the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the water backlog will have been very nearly eliminated.



Table 16: MBRR A-2 Consolidated Budget Financial Performance (Revenue and Expenditure by Standard Classification)

GT482 Randfontein - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		198 271	217 668	181 748	209 019	210 135	210 135	217 201	-	-
Executive and council		88 209	32 998	43 828	39 211	39 211	39 211	43 819	-	-
Budget and treasury office		109 408	183 028	132 506	163 338	164 338	164 338	172 263	-	-
Corporate services		654	1 643	5 414	6 470	6 586	6 586	1 119	-	-
<i>Community and public safety</i>		13 822	6 874	5 747	17 083	16 383	16 383	11 976	-	-
Community and social services		4 249	3 981	5 466	7 929	8 229	8 229	6 810	-	-
Sport and recreation		3 074	219	280	2 607	2 607	2 607	566	-	-
Public safety		6 499	1 141	-	5 316	4 316	4 316	4 601	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	1 533	-	1 231	1 231	1 231	-	-	-
<i>Economic and environmental services</i>		58 013	51 091	23 079	51 061	54 811	54 811	26 680	-	-
Planning and development		2 029	10 097	3 349	5 857	9 557	9 557	9 165	-	-
Road transport		45 723	41 172	19 720	44 981	45 031	45 031	17 278	-	-
Environmental protection		10 260	(178)	11	223	223	223	237	-	-
<i>Trading services</i>		462 767	496 533	643 802	730 538	664 743	664 743	744 605	-	-
Electricity		328 863	358 518	454 579	521 129	413 469	413 469	535 585	-	-
Water		68 053	68 155	101 816	115 511	156 011	156 011	110 858	-	-
Waste water management		30 473	31 353	39 306	41 862	41 862	41 862	43 794	-	-
Waste management		35 378	38 506	48 101	52 035	53 401	53 401	54 368	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	732 873	772 166	854 376	1 007 699	946 071	946 071	1 000 463	-	-
Expenditure - Standard										
<i>Governance and administration</i>		411 465	206 042	178 493	221 571	234 446	234 446	230 951	-	-
Executive and council		206 438	69 467	64 342	75 072	83 229	83 229	84 484	-	-
Budget and treasury office		188 895	98 330	68 086	77 416	80 097	80 097	88 391	-	-
Corporate services		16 131	38 246	46 065	69 083	71 121	71 121	58 076	-	-
<i>Community and public safety</i>		30 560	62 559	72 195	78 709	77 547	77 547	99 029	-	-
Community and social services		3 769	17 837	15 687	16 381	17 167	17 167	31 491	-	-
Sport and recreation		11 014	1 941	29 008	32 696	31 309	31 309	35 066	-	-
Public safety		12 948	41 744	27 297	26 544	26 478	26 478	32 023	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		2 828	1 037	203	3 088	2 594	2 594	448	-	-
<i>Economic and environmental services</i>		23 177	93 634	104 934	89 028	97 087	97 087	92 296	-	-
Planning and development		7 430	19 582	27 198	31 413	33 316	33 316	28 404	-	-
Road transport		15 747	74 144	77 697	57 393	63 345	63 345	63 148	-	-
Environmental protection		-	(92)	38	223	427	427	743	-	-
<i>Trading services</i>		341 844	508 383	554 985	568 516	566 462	566 462	613 268	-	-
Electricity		256 047	312 748	392 052	386 496	387 831	387 831	420 309	-	-
Water		45 193	89 761	88 419	97 321	97 393	97 393	103 299	-	-
Waste water management		19 947	50 729	39 332	46 642	43 065	43 065	45 448	-	-
Waste management		20 657	55 145	35 182	38 057	38 172	38 172	44 213	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	807 045	870 619	910 607	957 824	975 543	975 543	1 035 544	-	-
Surplus/(Deficit) for the year		(74 172)	(98 454)	(56 231)	49 876	(29 472)	(29 472)	(35 081)	-	-



Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports;
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure; and
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 17: MBRR A-3 Consolidated Budgeted Financial Performance By Municipal Vote.

GT482 Randfontein - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

01402 Randfontein Table A5 Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)A

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Municipal Manager		1 987	–	–	750	750	750	2 898	–	–
Vote 2 - Council and Executive		92 992	32 998	43 078	38 461	38 461	38 461	40 921	–	–
Vote 3 - Financial Management		102 973	183 027	132 506	163 338	164 338	164 338	172 263	–	–
Vote 4 - Corporate Services		671	302	143	3 712	3 762	3 762	–	–	–
Vote 5 - Infrastructure		498 101	500 070	633 275	764 798	699 003	699 003	746 370	–	–
Vote 6 - Licensing and traffic		27 607	42 301	21 234	21 524	20 524	20 524	21 879	–	–
Vote 7 - Development Planning		6 794	8 922	21 407	6 791	10 607	10 607	10 284	–	–
Vote 8 Social Services		1 748	4 545	2 733	8 325	8 625	8 625	5 848	–	–
Total Revenue by Vote	2	732 873	772 166	854 376	1 007 699	946 071	946 071	1 000 463	–	–
Expenditure by Vote	1									
Vote 1 - Municipal Manager		31 038	7 515	7 476	11 931	17 521	17 521	19 297	–	–
Vote 2 - Council and Executive		96 264	52 248	67 866	63 140	65 707	65 707	67 668	–	–
Vote 3 - Financial Management		102 895	98 043	67 086	77 416	80 097	80 097	88 391 158	–	–
Vote 4 - Corporate Services		24 525	33 253	36 922	46 681	47 060	47 060	54 522	–	–
Vote 5 - Infrastructure		489 230	595 833	635 396	646 768	654 386	654 386	692 780	–	–
Vote 6 - Licensing and traffic		20 272	57 359	38 948	41 130	41 370	41 370	47 046	–	–
Vote 7 - Development Planning		18 011	20 519	18 715	29 163	28 934	28 934	24 906	–	–
Vote 8 Social Services		24 811	5 849	38 198	41 594	40 467	40 467	40 933	–	–
Total Expenditure by Vote	2	807 045	870 619	910 607	957 824	975 543	975 543	1 035 544	–	–
Surplus/(Deficit) for the year	2	(74 172)	(98 454)	(56 231)	49 876	(29 472)	(29 472)	(35 081)	–	–



Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- a. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Randfontein Local Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 18: MBRR A-4 Consolidated Budgeted Financial Performance (Revenue and Expenditure by type)

GT482 Randfontein - Table A4 Budgeted Financial Performance (revenue and expenditure)

Orléans Métropole - Table A - Budgeted financial performance (revenue and expenditure)											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	77 851	74 975	106 374	119 831	119 831	119 831	119 831	127 925	-	-
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	322 928	358 518	380 511	461 784	461 784	461 784	461 784	505 191	-	-
Service charges - water revenue	2	68 053	68 155	81 244	97 197	97 197	97 197	97 197	98 354	-	-
Service charges - sanitation revenue	2	30 473	31 085	32 100	33 667	33 667	33 667	33 667	36 094	-	-
Service charges - refuse revenue	2	35 378	38 506	41 284	43 699	43 699	43 699	43 699	46 321	-	-
Service charges - other		7 100	268	289	1 755	1 755	1 755	1 755	1 860		
Rental of facilities and equipment		1 987	1 963	2 153	2 932	2 943	2 943	2 943	3 007		
Interest earned - external investments		3 471	2 339	3 096	1 916	1 916	1 916	1 916	2 031		
Interest earned - outstanding debtors		8 475	12 864	7 531	8 997	9 997	9 997	9 997	10 597		
Dividends received				-	-	-	-	-			
Fines		6 447	8 806	10 387	8 349	8 349	8 349	8 349	8 900		
Licences and permits		57	26	12	90	90	90	90	96		
Agency services		15 885	14 879	15 415	17 986	17 986	17 986	17 986	16 800		
Transfers recognised - operational		137 118	154 691	166 078	114 355	114 355	114 355	114 355	108 786		
Other revenue	2	17 649	5 090	7 901	28 282	32 502	32 502	32 502	34 499	-	-
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		732 873	772 166	854 376	940 839	946 071	946 071	946 071	1 000 463	-	-
Expenditure By Type											
Employee related costs	2	192 312	209 245	220 397	252 688	254 488	254 488	254 488	288 523	-	-
Remuneration of councillors		13 747	14 072	16 225	17 477	17 670	17 670	17 670	14 042		
Debt impairment	3	36 128	40 796	23 008	22 410	22 410	22 410	22 410	23 755		
Depreciation & asset impairment	2	104 804	87 596	85 397	88 301	88 301	88 301	88 301	97 210	-	-
Finance charges		17 879	24 488	20 959	11 793	11 793	11 793	11 793	12 569		
Bulk purchases	2	292 648	329 572	363 120	372 291	372 291	372 291	372 291	408 858	-	-
Other materials	8										
Contracted services		27 975	25 440	33 423	31 025	31 025	31 025	31 025	39 361	-	-
Transfers and grants		420	420	420	630	630	630	630	420	-	-
Other expenditure	4, 5	121 133	138 811	147 657	170 570	176 138	176 138	176 138	150 806	-	-
Loss on disposal of PPE											
Total Expenditure		807 045	870 439	910 608	967 184	974 745	974 745	974 745	1 035 544	-	-
Surplus/(Deficit)		(74 172)	(98 274)	(56 231)	(26 346)	(28 675)	(28 675)	(28 675)	(35 081)	-	-
Transfers recognised - capital					66 861						
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(74 172)	(98 274)	(56 231)	40 515	(28 675)	(28 675)	(28 675)	(35 081)	-	-
Taxation											
Surplus/(Deficit) after taxation		(74 172)	(98 274)	(56 231)	40 515	(28 675)	(28 675)	(28 675)	(35 081)	-	-
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(74 172)	(98 274)	(56 231)	40 515	(28 675)	(28 675)	(28 675)	(35 081)	-	-
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(74 172)	(98 274)	(56 231)	40 515	(28 675)	(28 675)	(28 675)	(35 081)	-	-



Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue is R1,000 billion in 2016/2017. This represents a year-on-year increase of 6% as compared to the final revenue budget for 2015/2016.
- Revenue to be generated from property rates is R127 million for 2016/2017 which represents 13% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R687 million for the 2016/2017. Service charges increased by an overall 8% in 2015/16 compared to the 2015/2016 financial year.
- Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government

Table 19: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote

GT482 Randfontein - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Municipal Vote											
Multi-year expenditure appropriation	2										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	46 057	32 935	36 557
Project Management Unit									46 057	32 935	36 557
Vote 2 - Council and Executive		-	371	419	482	482	482	482	-	-	-
Vote 4 - Corporate Services		63	2 325	69	10 010	10 010	10 010	10 010	-	-	-
Vote 5 - Infrastructure		36 222	56 619	49 792	69 652	133 995	133 995	133 995	27 600	18 946	19 843
Vote 6 - Licensing and Traffic		2 520	2 996	232	-	-	-	-	-	-	-
Vote 7 - Development Planning		1 223	898	-	-	-	-	-	32 714	-	-
Vote 8 - Social Services		12 414	7 103	16 403	8 850	6 450	6 450	6 450	1 500	1 590	1 685
Capital multi-year expenditure sub-total		52 441	70 312	66 916	88 994	150 937	150 937	150 937	107 871	53 471	58 085
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Municipal Manager		-	15	-	-	-	-	-	-	-	-
Vote 2 - Council and Executive		-	-	-	-	130	130	130	-	-	-
Vote 3 - Financial Management		-	37	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services		1 338	1 826	1 073	3 300	3 300	3 300	3 300	3 000	2 500	1 000
Vote 5 - Infrastructure		3 536	5 207	3 713	7 277	7 937	7 937	7 937	5 800	6 556	3 062
Vote 6 - Licensing and Traffic		5	658	16	425	86	86	86	-	-	-
Vote 7 - Development Planning		161	-	-	-	-	-	-	-	-	-
Vote 8 - Social Services		293	830	598	3 100	3 489	3 489	3 489	4 400	-	-
Capital single-year expenditure sub-total		5 333	8 574	5 400	14 102	14 942	14 942	14 942	13 200	9 056	4 062
Total Capital Expenditure		57 774	78 885	72 316	103 096	165 879	165 879	165 879	121 071	62 527	62 147



Table 19: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote (cont.)

GT482 Randfontein - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard										
Governance and administration	1 400	4 620	1 883	13 792	13 922	13 922	13 922	3 000	2 500	1 000
Executive and council		386	419	482	612	612	612			
Budget and treasury office		37			–	–	–			
Corporate services	1 400	4 197	1 464	13 310	13 310	13 310	13 310	3 000	2 500	1 000
Community and public safety	19 151	17 082	21 910	12 667	19 717	19 717	19 717	25 400	10 585	15 366
Community and social services	8 795	3 111	21 662	12 242	19 542	19 542	19 542	11 000	9 085	10 366
Sport and recreation	7 831	10 317		–	–	–	–	14 400	1 500	5 000
Public safety	2 525	3 655	249	425	175	175	175			
Housing					–	–	–			
Health					–	–	–			
Economic and environmental services	10 970	11 283	28 984	35 072	39 990	39 990	39 990	35 157	32 146	32 225
Planning and development	1 384	898			–	–	–	–	1 000	2 000
Road transport	9 586	10 385	28 984	35 072	39 990	39 990	39 990	35 157	31 146	30 225
Environmental protection					–	–	–			
Trading services	26 253	45 900	19 539	40 537	91 221	91 221	91 221	57 514	17 296	13 556
Electricity	10 837	26 244	9 054	35 877	36 397	36 397	36 397	18 800	10 026	6 500
Water	9 171	12 111	6 225	4 160	54 184	54 184	54 184	36 714	5 740	5 494
Waste water management	1 649	1 146	899	500	640	640	640	1 500	1 000	1 000
Waste management	4 596	6 398	3 361	–	–	–	–	500	530	562
Other	–			1 029	1 029	1 029	1 029			
Total Capital Expenditure - Standard	57 774	78 885	72 316	103 097	165 879	165 879	165 879	121 071	62 527	62 147
Funded by:										
National Government	33 059	36 831	40 528	62 761	106 861	106 861	106 861	43 557	32 935	36 557
Provincial Government	978	2 319	10 505	4 100	4 400	4 400	4 400	47 114	–	–
District Municipality				–	9 524	9 524	9 524			
Other transfers and grants				–	–	–	–			
Transfers recognised - capital	34 037	39 150	51 033	66 861	120 784	120 784	120 784	90 671	32 935	36 557
Public contributions & donations					–	–	–			
Borrowing					–	–	–			
Internally generated funds	23 737	39 736	21 283	36 236	45 094	45 094	45 094	30 400	29 592	25 590
Total Capital Funding	57 774	78 885	72 316	103 096	165 879	165 879	165 879	121 071	62 527	62 147

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.



- b. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2016/2017 R13,2 million has been allocated to single year appropriations and R107,8 million has been allocated to multi-year appropriations.
- c. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- d. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses.

Table 20 : MBRR A6 consolidated Budgeted Financial Position

GT482 Randfontein - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		49,144	52,893	31,510	8,851	7,274	7,274	7,274	6,647		
Call investment deposits	1	—	—	426	—	—	—	—	14,044	—	—
Consumer debtors	1	62,437	69,216	42,432	49,071	49,071	49,071	49,071	55,233	—	—
Other debtors		3,632	4,407	42,770	10,896	10,896	10,896	10,896	11,986		
Current portion of long-term receivables		1,951	1,608	1,800	24,759	24,759	24,759	24,759	27,235		
Inventory	2	8,028	4,407	3,685	5,047	5,047	5,047	5,047	5,551		
Total current assets		125,193	132,530	122,624	98,624	97,046	97,046	97,046	120,695	—	—
Non current assets											
Long-term receivables		3,960	5,175	4,312	95,111	95,111	95,111	95,111	120,622		
Investments		9,710	10,232	10,866	12,738	12,738	12,738	12,738	14,012		
Investment property		120,170	243,701	219,945	104	104	104	104	115		
Investment in Associate		—	—	—	—	—	—	—	—		
Property, plant and equipment	3	2,457,927	2,311,724	2,279,343	2,513,937	2,523,184	2,523,184	2,523,184	2,629,655	—	—
Agricultural		2,244	—	—	—	—	—	—	—		
Biological		972	754	788	754	754	754	754	788		
Intangible		37,038	37,993	36,971	39,105	39,105	39,105	39,105	36,971		
Other non-current assets		—	1,821	1,937	—	—	—	—	—		
Total non current assets		2,632,022	2,611,401	2,554,162	2,661,750	2,670,997	2,670,997	2,670,997	2,802,163	—	—
TOTAL ASSETS		2,757,214	2,743,931	2,676,786	2,760,373	2,768,043	2,768,043	2,768,043	2,922,858	—	—
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—		
Borrowing	4	23,332	10,649	18,962	1,897	1,897	1,897	1,897	3,549	—	—
Consumer deposits		26,069	28,752	31,608	32,723	32,723	32,723	32,723	—		
Trade and other payables	4	194,232	244,970	212,717	110,000	160,000	160,000	160,000	182,717	—	—
Provisions		—	1,245	1,367	17,937	17,937	17,937	17,937	—		
Total current liabilities		243,633	285,615	264,653	162,557	212,557	212,557	212,557	186,265	—	—
Non current liabilities											
Borrowing		18,620	8,090	6,193	2,533	2,533	2,533	2,533	—	—	—
Provisions		69,278	72,831	84,660	69,570	69,570	69,570	69,570	74,161	—	—
Total non current liabilities		87,897	80,921	90,853	72,103	72,103	72,103	72,103	74,161	—	—
TOTAL LIABILITIES		331,530	366,537	355,506	234,660	284,660	284,660	284,660	260,427	—	—
NET ASSETS	5	2,425,684	2,377,395	2,321,280	2,525,714	2,483,384	2,483,384	2,483,384	2,662,431	—	—
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		2,423,706	2,375,839	2,319,609	2,525,714	2,483,384	2,483,384	2,483,384	2,662,431		
Reserves	4	1,978	1,555	1,671	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	2,425,684	2,377,395	2,321,280	2,525,714	2,483,384	2,483,384	2,483,384	2,662,431	—	—



Explanatory notes to Table A6 - Budgeted Financial Position

- a. Table A6 is consistent with international standards of good financial management practice, and improves understanding ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet);
- b. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- c. This is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- d. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- e. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



Table 21: MBRR A7 Consolidated Budgeted Cash Flow

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

GT482 Randfontein - Table A7 Budgeted Cash Flows

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
			641,184	578,411		107,848	112,161	112,161	112,161	105,340	-	-
					648,982	618,958	643,717	643,717	643,717	566,857	-	-
			-	120,792		49,713	49,713	49,713	49,713	48,978	-	-
	1		149,213		156,110	109,535	114,355	114,355	114,355	103,929	-	-
	1		-			64,590	67,250	67,250	67,250	80,671	-	-
			3,471	2,339	3,096	10,640	10,740	10,740	10,740	10,509	-	-
							-	-	-	-	-	-
Payments												
			(635,415)	(571,469)	(712,967)	(833,521)	(866,862)	(866,862)	(866,862)	(807,475)	-	-
			(14,381)	(22,630)	(20,683)	(11,793)	(11,793)	(11,793)	(11,793)	(12,769)	-	-
	1		(420)	(420)	(420)	(630)	(630)	(630)	(630)	(420)	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			143,653	107,023	74,119	115,341	118,651	118,651	118,651	95,620	-	-
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
			1,239	4,460	20,497		-	-	-	-	-	-
			(1,089)	(1,977)		(13,823)	(21,061)	(21,061)	(21,061)	(15,126)	-	-
			(29,208)	(5,959)	4,844	(1,082)	(1,082)	(1,082)	(1,082)	-	-	-
			(628)	(522)	(633)	(1,749)	(1,749)	(1,749)	(1,749)	-	-	-
Payments												
			(39,080)	(74,205)	(109,284)	(100,996)	(109,497)	(109,497)	(109,497)	(82,821)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES			(68,766)	(78,204)	(84,576)	(117,650)	(133,389)	(133,389)	(133,389)	(97,947)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
						-	-	-	-	-	-	-
			-	(23,662)	(1,636)	-	-	-	-	-	-	-
			-	(1,408)	(9,289)	2,563	2,563	2,563	2,563	5,000	-	-
Payments												
			(25,692)			(1,902)	(12,061)	(12,061)		(3,300)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			(25,692)	(25,070)	(10,925)	661	(9,498)	(9,498)	2,563	1,700	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			49,195	3,749	(21,383)	(1,649)	(24,236)	(24,236)	(12,175)	(627)	-	-
	2		(50)	49,144	52,893	10,500	31,510	31,510	31,510	7,274	6,647	6,647
	2		49,145	52,893	31,510	8,851	7,274	7,274	19,335	6,647	6,647	6,647

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- The approved 2016/2017 MTREF provide for a further net decrease in cash of R627 million for the 2016/2017 financial year resulting in an overall projected positive cash position of R6,6 million at year end;
- As part of the 2015/2016 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities;
- The 2016/2017 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term; and.
- Cash and cash equivalents totals R6,6 million as at the end of the 2016/2017 financial year



Table 22: MBRR A8 Consolidated Cash Backed Accumulated Surplus Reconciliation

GT482 Randfontein - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	49 145	52 893	31 510	8 851	7 274	7 274	19 335	6 647	6 647	6 647
Other current investments > 90 days			0	426	–	(0)	(0)	(12 061)	14 044	(6 647)	(6 647)
Non current assets - Investments	1	9 710	10 232	10 866	12 738	12 738	12 738	12 738	14 012	–	–
Cash and investments available:			63 125	42 802	21 589	20 012	20 012	20 012	34 702	–	–
Application of cash and investments											
Unspent conditional transfers		45 830	21 910	–	–	–	–	–	–	–	–
Unspent borrowing		40 543	17 103	6 193	–	–	–	–	–	–	–
Total Application of cash and investments:		86 373	39 013	6 193	–	–	–	–	–	–	–
Surplus(shortfall)			24 112	36 609	21 589	20 012	20 012	20 012	34 702	–	–

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
 - Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was not funded owing to the significant deficit.
 - As part of the budgeting and planning guidelines that informed the compilation of the 2016/2017 MTREF the end objective of the medium-term framework was to ensure the budget is fully funded.



Table 23: MBRR A9 Consolidated Asset Measurement

GT482 Randfontein - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	46 556	72 628	43 140	68 556	67 020	67 020	79 814	19 530	15 062
Infrastructure - Road transport		8 827	5 273	9 616	12 889	12 889	12 889	14 500	9 500	5 000
Infrastructure - Electricity		7 474	20 740	3 962	30 500	15 000	15 000	13 500	4 500	4 500
Infrastructure - Water		8 486	9 858	–	500	10 024	10 024	32 714	–	–
Infrastructure - Sanitation		1 257	–	–	–	–	–	500	530	562
Infrastructure - Other		4 596	–	149	–	–	–	–	–	–
Infrastructure		30 640	35 871	13 728	43 889	37 913	37 913	61 214	14 530	10 062
Community		9 636	9 477	18 713	9 700	13 300	13 300	14 500	1 500	2 000
Heritage assets		–	21 996	–	–	–	–	–	–	–
Other assets	6	6 280	5 284	10 699	14 967	15 807	15 807	4 100	3 500	3 000
<u>Total Renewal of Existing Assets</u>	2	11 219	6 258	29 177	34 540	83 359	83 359	41 257	42 997	47 085
Infrastructure - Road transport		5 416	743	18 011	22 183	30 501	30 501	20 657	23 146	26 225
Infrastructure - Electricity		–	2 695	2 991	5 377	5 122	5 122	5 300	5 526	2 000
Infrastructure - Water		2 044	1 035	5 838	3 660	44 415	44 415	3 500	3 710	3 933
Infrastructure - Sanitation		255	–	379	500	500	500	2 000	1 530	1 562
Infrastructure - Other		–	–	573	–	–	–	–	–	–
Infrastructure		7 715	4 472	27 792	31 720	80 538	80 538	31 457	33 912	33 719
Community		2 280	1 325	1 355	1 121	1 121	1 121	8 300	7 495	11 681
Other assets	6	1 223	461	30	1 700	1 700	1 700	1 500	1 590	1 685
<u>Total Capital Expenditure</u>	4									
Infrastructure - Road transport		14 243	6 015	27 627	35 072	43 390	43 390	35 157	32 646	31 225
Infrastructure - Electricity		7 474	23 434	6 953	35 877	20 122	20 122	18 800	10 026	6 500
Infrastructure - Water		10 530	10 894	5 838	4 160	54 439	54 439	36 214	3 710	3 933
Infrastructure - Sanitation		1 512	–	379	500	500	500	2 500	2 060	2 124
Infrastructure - Other		4 596	–	722	–	–	–	–	–	–
Infrastructure		38 355	40 343	41 519	75 609	118 451	118 451	92 671	48 442	43 781
Community		11 916	10 801	20 068	10 821	14 421	14 421	22 800	8 995	13 681
Heritage assets		–	21 996	–	–	–	–	–	–	–
Other assets		7 503	5 745	10 729	16 667	17 507	17 507	5 600	5 090	4 685
TOTAL CAPITAL EXPENDITURE - Asset class	2	57 774	78 885	72 316	103 096	150 379	150 379	121 071	62 527	62 147



Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 24: MBRR consolidated Basic Service Delivery Measurement

GT482 Randfontein - Table A10 Basic service delivery measurement									
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	27 106	28 512	28 512	29 547	29 547	29 547	30 502	30 597	30 607
Piped water inside yard (but not in dwelling)	4 542	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	–	–	–	5 160	5 160	5 160	5 676	5 676	5 676
<i>Minimum Service Level and Above sub-total</i>	31 648	28 512	28 512	34 707	34 707	34 707	36 178	36 273	36 283
Total number of households	31 648	28 512	28 512	34 707	34 707	34 707	36 178	36 273	36 283
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	27 106	34 347	34 347	29 547	29 547	29 547	32 501	35 455	38 409
Flush toilet (with septic tank)	4 542	2 384	2 384	–	–	–	–	–	–
Chemical toilet	–	122	122	–	–	–	–	–	–
Pit toilet (ventilated)	–	642	642	–	–	–	–	–	–
Other toilet provisions (> min.service level)	–	4 893	4 893	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	31 648	42 388	42 388	29 547	29 547	29 547	32 501	35 455	38 409
Bucket toilet	–	241	241	–	–	–	–	–	–
Other toilet provisions (< min.service level)	–	189	189	–	–	–	–	–	–
No toilet provisions	–	481	481	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	–	911	911	–	–	–	–	–	–
Total number of households	31 648	43 299	43 299	29 547	29 547	29 547	32 501	35 455	38 409
Energy:									
Electricity (at least min.service level)	31 648	36 588	36 588	9 800	9 800	9 800	10 780	11 760	12 740
Electricity - prepaid (min.service level)	–	–	–	20 105	20 105	20 105	22 115	24 125	26 135
<i>Minimum Service Level and Above sub-total</i>	31 648	36 588	36 588	29 905	29 905	29 905	32 895	35 885	38 875
Total number of households	31 648	36 588	36 588	29 905	29 905	29 905	32 895	35 885	38 875
Refuse:									
Removed at least once a week	34 111	34 111	34 111	29 547	29 547	29 547	35 501	41 455	47 409
<i>Minimum Service Level and Above sub-total</i>	34 111	34 111	34 111	29 547	29 547	29 547	35 501	41 455	47 409
Removed less frequently than once a week	24 100	437	437	437	437	437	437	437	437
Using communal refuse dump	6 011	925	925	925	925	925	925	925	925
Using own refuse dump	24 100	5 785	5 785	1 200	1 200	1 200	1 200	1 200	1 200
Other rubbish disposal	24 100	297	297	297	297	297	297	297	297
No rubbish disposal	–	1 746	1 746	701	701	701	701	701	701
<i>Below Minimum Service Level sub-total</i>	78 311	9 190	9 190	3 560	3 560	3 560	3 560	3 560	3 560
Total number of households	112 422	43 301	43 301	33 107	33 107	33 107	39 061	45 015	50 969
Highest level of free service provided per household									
Property rates (R value threshold)	32 675 000	8 000 000		8 000 000	8 000 000	8 000 000			
Water (kilolitres per household per month)	10	15		15	15	15			
Sanitation (kilolitres per household per month)	70	–		–	–	–			
Sanitation (Rand per household per month)	–	76		76	76	76			
Electricity (kwh per household per month)	100	125		125	125	125			
Refuse (average litres per week)	98	120		120	120	120			
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	–	–	–	–	–	–	–	32 755	–
Total revenue cost of subsidised services provided	–	–	–	–	–	–	–	32 755	–

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services;



RLM: GT482 - 485 2016/2017 BUDGET & MTREF

- b. The budget provides for 8000 households to be registered as indigent in 2016/2017, and therefore entitled to receiving Free Basic Services. The number is set to increase to 10 000 households given the rapid rate of migration to town, especially by poor people seeking economic opportunities;
- c. It is anticipated that these Free Basic Services will cost the municipality R68,4 million in 2016/2017. This is covered by the municipality's equitable share allocation from national government; and
- d. In terms of the needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

Part 2 – SUPPORTING DOCUMENTATION

Section 53 of the Municipal Finance Management Act 2003 (No. 56 of 2003) requires the Executive Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Executive Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Municipal Finance Management Act; 2003(No. 56 of 2003)

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality, meeting under the chairpersonship of the MMC for Finance. The primary aim of the Budget Steering Committee is to ensure that:

- the process followed to compile the budget complies with legislation and good budget practices;
- there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1 Budget Process Overview

In terms of section 21 of the Municipal Finance Management Act, the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget. The Executive Mayor tabled in Council the required IDP and budget time schedule on 31 August 2015. Key dates applicable to the process were indicated in table 26 below:



Table 25: Schedule of key deadlines for the IDP/ Budget process

PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Preparation	July			Review of the previous year's budget process by completing the budget evaluation checklist	CFO
			MFMA	ing of IDP, Budget and PMS process plan	IDP Manager PMS Manager
				Submission and presentation of IDP Process Plan to the District IDP Rep Forum for alignment	IDP Manager
			PMS Framework	Adoption of the PMS Framework	Council
	August			Working sessions on situational analysis: <ul style="list-style-type: none"> IDP implementation analysis Financial analysis Situational Analysis Imbizo Working Document Demarcation Board questionnaire 	All Directorates
			MFMA	4th (April – June) quarter assessment report and annual report presented to the PAC	PMS Manager
			MFMA 53 (3 (a) and (b)	Make public the SDBIP and Performance Agreements	PMS Manager
			MFMA 75 (1) (d)	Place annual performance agreements on the website	PMS Manager
				Establish IDP/Budget Committee and confirm internal & external consultation forums (consultation itinerary)	Executive Mayor
			MFMA 21	Adoption of IDP, Budget and PMS Process Plan by Council	Council
			MFMA 21	Publication of the Process Plan	IDP Manager



PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Preparation	August cont.		MSA 34	IDP Rep Forum Meeting: presentation of approved process plan, revision of sector plans, presentation of TOP Layer SDBIP and budget related policies	IDP Manager PMS Manager IDP/PMS Manager
			MFMA & MSA	Submission of the 2011/12 performance report to the office of the Auditor General	PMS Manager
		09-30	MSA 34	Public Participation Process: wards visit	Executive Mayor/ Speaker
			MSA 34	Conclude initial consultations and reviews , establish direction and policy, confirm priorities, identify other financial and non-financial budget parameters including government allocations to determine revenue envelope, and financial outlook to identify need to review fiscal strategies (Implementation of Imbizo programme)	IDP Manager



PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Analysis	October	06	MSA 34	Engage with Provincial and National sector departments on sector service delivery priorities for alignment with municipality developments plans	IDP/PMS Manager
				Working sessions on community needs and projectization <ul style="list-style-type: none"> Finalisation of the analysis phase within all sector plans Analyse the reviewed community needs and priorities Determine strategic objectives for service delivery and development from next three year budget Budget document and guidelines Consider comments of the MEC on assessment of the IDP and incorporate programmes and projects of other spheres of government (Work session) 	IDP/PMS Manager
			MSA 34	1 st quarter performance assessment	PMS Manager
				IDP/Budget Steering Committee meeting	Accounting Officer
Strategies	November			Annual review retreat <ul style="list-style-type: none"> Revision of vision and mission Strategic Objectives Direction to guide compilation of the budget. Financial analysis 1. Factors affecting the medium term budget forecasts and the budget assumption	Manager Strategy & PMS Manager



PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Strategies	November	26	MSA34	IDP Rep. Forum Compile and distribute budget guidelines, parameters and formats	IDP Manager CFO
				Submission of Operating budget and Capital Estimates to the Finance and Budget Office	All Directorates
				Review tariffs and charges and prepare proposals of new rates	CFO
				or review budget related policies such credit control and indigent policy, tariff policy, budget policy etc.	CFO
Strategies	December		MFMA	Finalise first of annual departmental operational plans, service delivery and budget implementation plan for reviewing against strategic priorities	PMS Manager
			MFMA (1)	Finalise first of the annual report including annual report of the entity incorporating financial and non-financial information on performance, audits reports and annual financial statements	PMS Manager
			MFMA 54 (1)	Review implementation of the SDBIP, identify problems, amend or recommend appropriate amendments	PMS Manager
				Submission of revised/updated sector plans for inclusion in the IDP	All Directorates



PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Projects	January		MSA & Municipal Planning and Perf. Managmnt Regulations	Mid-term performance review for : • Indicators and targets • Budget adjustment	PMS Manager & CFO
			MFMA & MSA	Mid-year performance assessment report submitted to council, OAG, national and provincial treasury and the provincial Department of Developmental Local Government and Traditional Affairs.	Accounting Officer
				Consolidate and prepare proposed budget and plans for next financial years taking into account previous year performance as per audited financial statements	CFO
				Tabling of the previous year's annual report with details of corrective actions undertaken arising from the audit report	PMS Manager & All Directors
			MSA 46 MFMA 21	Tabled mid-term performance and budget adjustments reports	Executive Mayor
			MSA 34	IDP/Budget Steering committee – analysis of adjustment budget	Accounting Officer
	February		MSA	IDP/Budget steering committee: screening and first presentation- preliminary projects estimates	Accounting Officer
				Consideration of the annual report and conducting of public hearings	Executive Mayor, Speaker, PMS Manager, Manager strategic support



PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
			MFMA	2 nd (October – December) quarterly report to Performance Audit Committee	PMS Manager
				Tabling of a revised budget through adjustment budget	CFO
Projects	February			Review proposed national and provincial allocations to municipality to include into budget for tabling (Cluster Meetings)	
	March	09	MSA	Joint IDP and Finance Portfolio committee	Accounting Officer
		30	MFMA	IDP, Budget and SDBIP presented to Council	CFO, Manager IDP & PMS
			MFMA	Submission of Oversight report	Chairperson of Oversight Committee
Integration	April			IDP publicized for public comments	IDP Manager
				IDP Rep. Forum meeting: Public comments invited in connection with the IDP and budget (workshop)	IDP Manager
				Presentation of tariff policies	CFO
				3 rd quarter Performance reviews	PMS Manager
			MSA	Feedback from communities for incorporation into the budget & IDP	IDP Manager CFO
Approval	May	09	MFMA	3 rd (January – March) quarterly report to the MPAC	PMS Manager
				Tabled annual budget with resolution, setting taxes and tariffs, with changes to IDP and budget related policies, including measurable performance objectives for revenue by source and expenditure by vote for approval of Council before start of budget year	Accounting Officer



PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Approval	May			Prepare the final budget documentation for approval taking into account any other new information of a material nature	CFO
			MSA	Final IDP, Budget, SDBIP tabled for approval	IDP Manager PMS Manage
Approval	June	1 ST Week	Municipal Finance Management Act 75	New Tariffs published	CFO
			MSA & MFMAA	Approved Budget and IDP published / advertised for public inspection	IDP Manager
			Circular: NT MFMA & MSA	MM's Performance Agreement submitted to the EM	PMS Manager
				Directors' Performance Agreements submitted to the MM	PMS Manager
			Circular: NT & MFMA	Approved budget, IDP and SDBIP submitted to National Treasury and MEC for Department of Developmental Local Government and Traditional Affairs.	CFO
			MFMA	Approved service delivery and budget implementation plans publicised for information and monitoring purpose.	PMS Manager
			MFMA	- Submit annual budget reports to National & Provincial Treasuries and District Municipality - Notify department of Local Government in the province about the budget approval	IDP Manager



PHASE	MONTH	DATE	REFERENCE	ACTIVITY/IES	RESOURCE PERSON
Approval	June			- IDP, annual and adjustment budget, budget related policies, annual report, service delivery agreements, long term borrowing contracts published on Council website	
			MFMA	Make performance agreement public within 14 days after approval	PMS Manager

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's Integrated Development Plan (IDP) is its principal strategic planning instrument which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/2017 MTREF, based on the approved 2015/2016 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

During the compilation of the 2016/2017 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/2016 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.



2.1.3 Community Consultation

The 2016/2017 MTREF is scheduled to be tabled in council on 31 March 2016 for community consultation. The document will be published in the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the Municipal Finance Management Act, to provide an opportunity for them to make inputs.

2.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/2017 MTREF, extensive financial modelling was undertaken to ensure affordability in the long-term and financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/2017 MTREF:

- The municipality growth;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2015/2016 adjustments budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increases versus the ability of the community to pay for services; and
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's Municipal Finance Management Act Circulars 51, 54, 68, 70 and 72 has been taken into consideration in the planning and prioritisation process.

2.4 Community Consultation

The 2016/2017 MTREF is scheduled to be tabled in council on 31 March 2016 for community consultation. The document will be published in the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the Municipal Finance Management Act to provide an opportunity for them to make inputs.



2.5 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of

office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget.

An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by the municipality correlates with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality's strategically complies with the key national and provincial priorities. The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipalities response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);



- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget :

Build better communities and good governance - Strive to build a united, non-racial, non-sexiest, competitive and prosperous community and contribute towards building a metropole from of government.

Enhance financial sustainability -Strategies to ensure financial stability by raising revenue strategies, asset management, and financial management, enhance cost effectiveness and capital investment programmes.

Accelerate an inclusive growing economy - Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.

Plan for the future

Randfontein must create an environment conducive for economic growth through investments in socio economic infrastructure to trigger local economic growth and forge partnership with stakeholders to invest in the local economy.

Develop a learning organization

Randfontein Municipality needs to acquire highly competent workforce to successfully implement its newly developed strategic intent.

Establish effective and efficient services - Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of Randfontein, effective on-going water and sanitation services, waste -management services in an effective manner, and parks and cemetery development in order to protect human health and well-being environment.

Enhance effective, accountable and clean institutional management and corporate, governance. Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.



In order to ensure integrated and focused service delivery between all spheres of government, it was important for the Randfontein Local Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- a. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide roads and storm water; and
 - Maintaining the infrastructure of the municipality.
- b. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes; and
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- c. Fight poverty and build clean, healthy, safe and sustainable communities through:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective municipal cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces

The 2016/2017 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



Table 26: Reconciliation of IDP strategic objectives and budget (Revenue)

GT482 Randfontein - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										
Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Council and Executive										
Build better communities and good governance	Strive to build a united, non racial, non sexist, competitive and prosperous community and contribute towards building a metropole from of government.	92 992	32 998	43 078	38 461	38 461	38 461	36 064	12 406	13 126
Financial Management										
Enhance financial sustainability	Strategies to ensure financial stability by raising revenue strategies, asset management, financial management, enhance cost effectiveness and capital investment programmes.	102 973	183 027	132 506	163 338	164 338	164 338	172 263	109 360	115 697
Development Planning/LED										
Accelerate an inclusive growing economy	Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.	6 794	8 922	21 407	6 791	10 607	10 607	10 284	152 162	160 987
Community Services										
Quality Living Environment	To render comprehensive primary health care services, fight spread of HIV/AIDS, promote srac activities and library information services to the entire community of Randfontein.	1 748	4 545	2 733	8 325	8 625	8 625	27 727	119 527	126 459
Public Safety										
Safe, Healthy and Secure Environment	To ensure that all citizens living in Randfontein and passing through Randfontein are safe and adhere to all provisions of National Road Traffic Act.	27 607	42 301	21 234	21 524	20 524	20 524	—		
Corporate Services										
Operations and Support Services	Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.	671	302	143	3 712	3 762	3 762		3 682	3 895
Infrastructure										
Establish effective and efficient services	Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of randfontein, effective ongoing water and sanitation services,waste management services in an effective manner, and parks and cemetry development in order to protect human helalth and well being environment.	498 101	500 070	633 275	764 798	806 664	806 664	759 628	9 671	13 662
Municipal Manager										
Enhance effective, accountable and clean institutional management and corporate governance	Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.	1 987	—	—	750	750	750	2 898		
Total Revenue (excluding capital transfers and contributions)		732 873	772 166	854 376	1 007 699	1 053 731	1 053 731	1 008 863	406 808	433 827



Table 27: Reconciliation of IDP strategic objectives and budget (Operating Expenditure)

GT482 Randfontein - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Council and Executive										
Build better communities and good governance	Strive to build a united, non racial, non sexist, competitive and prosperous community and contribute towards building a metropole from of government.	96 264	52 248	67 866	63 140	65 707	65 707	67 572	69 886	73 955
Financial Management										
Enhance financial sustainability	Strategies to ensure financial stability by raising revenue strategies, asset managent, financial management, enhance cost effectiveness and capital investment programmes.	102 895	98 043	67 086	77 416	80 097	80 097	88 590	87 283	82 455
Development Planning/LED										
Accelerate an inclusive growing economy	Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.	18 011	20 519	18 715	29 163	28 934	28 934	25 816	32 058	26 452
Community Services										
Quality Living Environment	To render comprehensive primary health care services, fight spread of HIV/AIDS, promote srac activities and library information services to the entire community of Randfontein.	24 811	5 849	38 198	41 594	40 467	40 467	89 042	113 910	107 613
Public Safety										
Safe, Healthy and Secure Environment	To ensure that all citizens living in Randfontein and passing through Randfontein are safe and adhere to all provisions of National Road Traffic Act.	20 272	57 359	38 948	41 130	41 370	41 370			
Corporate Services										
Operations and Support Services	Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.	24 525	33 253	36 922	46 681	47 060	47 060	51 447	58 859	61 445
Infrastructure										
Establish effective and efficient services	Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of randfontein, effective ongoing water and sanitation services,waste management services in an effective manner, and parks and cemetry development in order to protect human helalth and well being environment.	489 230	595 833	635 396	646 768	654 386	654 386	698 381	703 859	708 788
Municipal Manager										
Enhance effective, accountable and clean institutional management and corporate governance	Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.	31 038	7 515	7 476	11 931	17 521	17 521	16 839	19 121	19 952
Total Expenditure		807 045	870 619	910 607	957 824	975 543	975 543	1 037 686	1 084 976	1 080 659


Table 28: Reconciliation of IDP strategic objectives and budget (Capital Expenditure)

GT482 Randfontein - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)										
Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Council and Executive										
Build better communities and good governance	Strive to build a united, non racial, non sexist, competitive and prosperous community and contribute towards building a metropole from of government.	–	371	419	507	637	637			
Financial Management										
Enhance financial sustainability	Strategies to ensure financial stability by raising revenue strategies, asset management, financial management, enhance cost effectiveness and capital investment programmes.	–	–	–						
Development Planning/LED										
Accelerate an inclusive growing economy	Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Randfontein and promote agricultural development.	1 223	898	–				32 714	–	–
Social Services										
Quality Living Environment	To render comprehensive primary health care services, fight spread of HIV/AIDS, promote srac activities and library information services to the entire community of Randfontein.	12 414	7 103	16 403	3 950	4 250	4 250	5 900	1 590	1 685
Public Safety										
Safe, Healthy and Secure Environment	To ensure that all citizens living in Randfontein and passing through Randfontein are safe and adhere to all provisions of National Road Traffic Act.	2 520	2 996	232	400	150	150			
Corporate Services										
Operations and Support Services	Develop information technology system, secretarial support, legal support, administrative of all municipal support and training for municipal workers.	63	2 325	69	13 310	13 310	13 310	3 000	2 500	1 000
Infrastructure										
Establish effective and efficient services	Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of randfontein, effective ongoing water and sanitation services,waste management services in an effective manner, and parks and cemetery development in order to protect human helalth and well being environment.	36 222	56 619	49 792	84 929	147 532	147 532	28 800	22 746	19 983
Municipal Manager										
Enhance effective, accountable and clean institutional management and corporate governance	Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.	–	–	–				36 057	32 935	36 557
Total Capital Expenditure		52 441	70 312	66 916	103 096	165 879	165 879	106 471	59 771	59 226

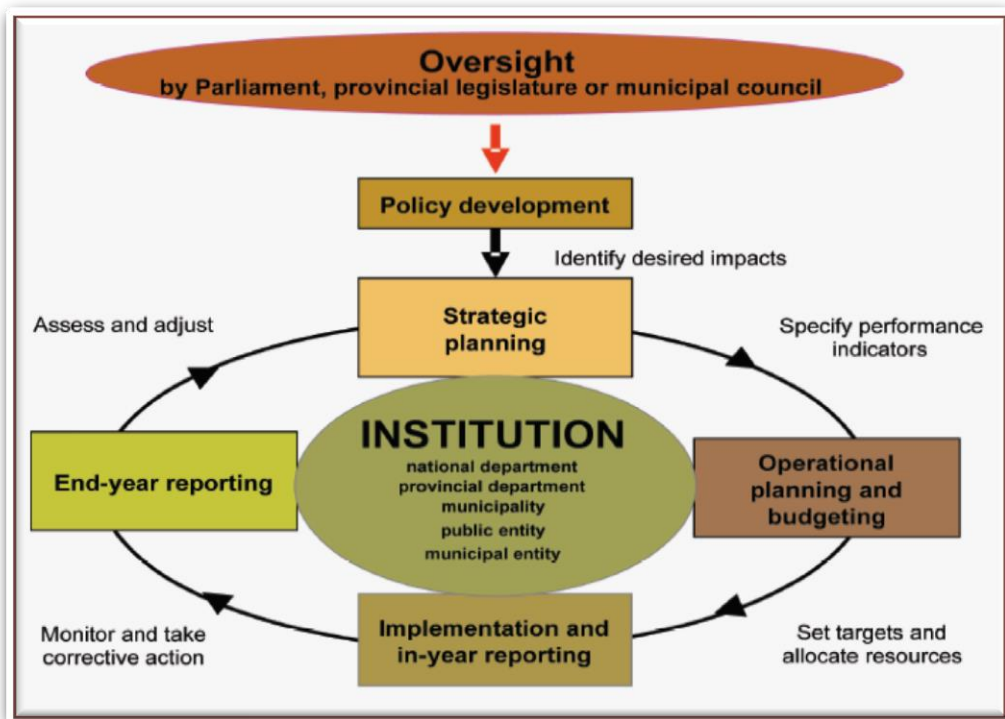


2.6 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds.

The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

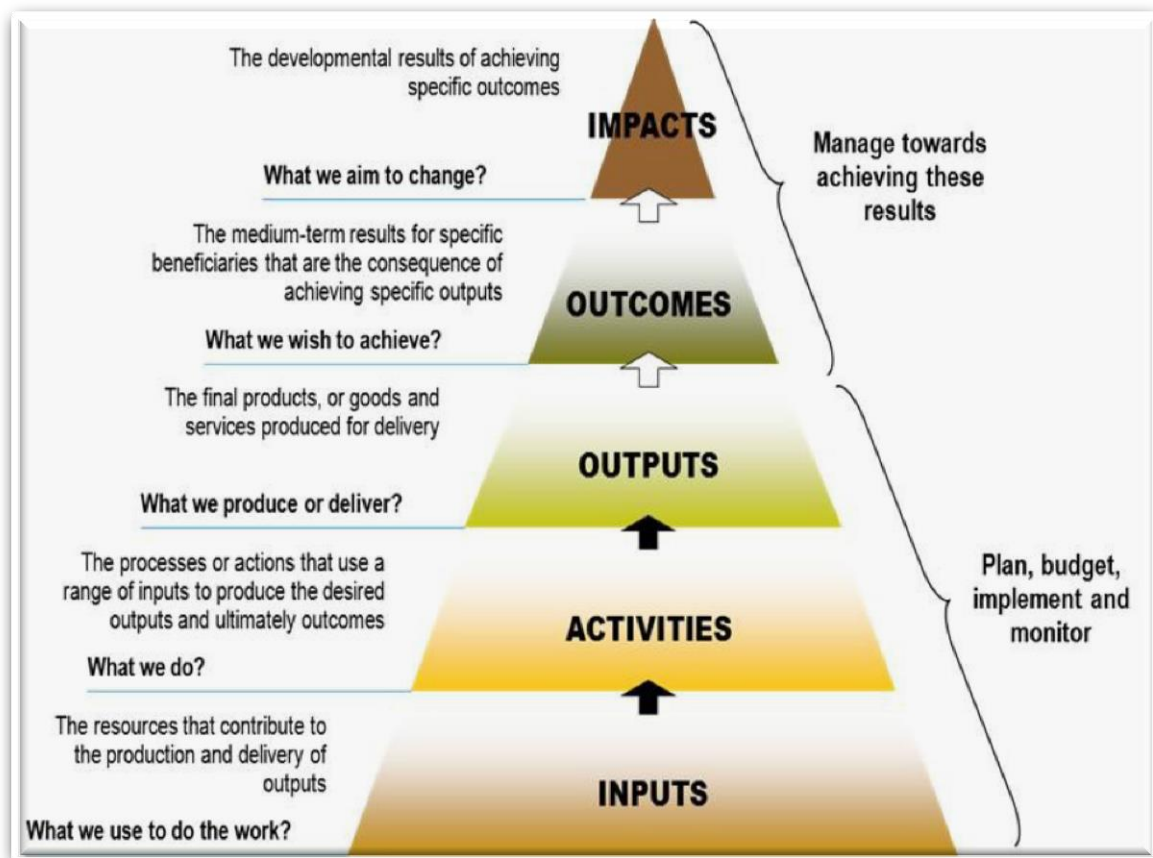


The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:



- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury which is depicted below:



2.7 Budget related policies

Randfontein Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies have been reviewed and tabled to Council with the budget:

- Property rates policy (**Annexure "8"**)
- Budget policy (**Annexure "9"**)
- Virement policy (**Annexure "10"**)
- Tariff policy (**Annexure "11"**)
- Indigent policy (**Annexure "12"**)
- Asset management policy (**Annexure "13"**)



- Cash management & investment policy (**Annexure “14”**)
- Credit control & Debt Collection policy (**Annexure “15”**)
- Supply Chain Management policy (**Annexure “16”**)
- Borrowing policy (**Annexure “17”**)
- Long term financial plan policy (**Annexure “18”**)
- Capital planning project policy (**Annexure “19”**)
- Bad debt write-off policy (**Annexure “20”**)
- Unauthorized, Irregular, Fruitless and Wasteful Expenditure policy (**annexure “21”**)
- Contract Management Policy (**Annexure “22”**)
- Inventory Management Policy (**Annexure “23”**)
- Unclaimed Deposit Policy (**Annexure “24”**)
- Insurance Policy (**Annexure “25”**)
- Cash and reserve policy (**Annexure “26”**)
- Traffic Fines Policy (**Annexure “27”**)

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95% on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. Finally, debt owed by Councillors and municipal staff has been prioritised for speedy recovery. The credit control and debt collection policy has prioritised this area to show an **example of the debt collection initiatives by the Municipality**.

2.8 Overview of the budget assumptions

2.8.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/2017 MTREF, namely:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 28% of the total operating expenditure in the 2016/2017 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.8.2 Interest Rates on borrowing and Investment of Funds

The MFMA stipulates that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality is currently having a long term borrowing with the DBSA taken in 2000 at an interest of 15%.

2.8.3 Collection rate for revenue services

The base assumption is that tariffs and rates will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively



controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage 97% of annual billings. Cash flow is assumed to be 80% of billings, excluding an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.8.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, and real growth of the municipality, household formation growth rate and the poor household change rate.

2.9 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

2.9.1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) is fully complied with.

2.9.2 Internship programme

The municipality is participating in the Municipal Financial Management Internship programme. During the 2015/16 financial year, the municipality has employed 5 interns to undergo training in various divisions of the BTO. The Municipality managed to employ permanently 5 of the interns in the current financial year 2015/16. The Budget and Treasury Office is headed by the Acting Chief Financial Officer as the current cfo resigned end August 2015.

2.9.3. Audit Committee

A shared Audit Committee has been established and is fully functional.

2.9.4. Service Delivery and Implementation Plan

A detailed SDBIP document is at a stage and will be finalised after approval of the 2016/2017 MTREF budget in May 2015 directly aligned and informed by the 2016/2017 MTREF budget and Integrated Development Plan.

2.9.5. Annual Report

Annual report is compiled in the new formats as prescribed by the National Treasury.



2.10 Municipal Manager's quality certificate

I **LARRY STEYN**, Acting Municipal Manager of Randfontein Local Municipality, hereby certifies that the annual 2016/17 budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **LARRY STEYN**

Acting Municipal Manager of Randfontein Local Municipality (GT482)

Signature _____

Date **25/06/2016**